

To: Audit, Scrutiny & Petitions Board

On: 19 September 2016

Report by: Director of Finance and Resources

Heading: Audit of Annual Accounts 2015/16

1. Summary

- 1.1 Each year the Council's appointed external auditors (Audit Scotland) carry out an audit of the Council's financial statements and provide an opinion as to whether those statements provide a fair and true view of the financial position of the Council and its income and expenditure for the year; and also whether they have been prepared in accordance with the Local Government (Scotland) Act 1973. In addition, Audit Scotland also audits the accounts of the charities which the Council controls, i.e. Common Goods Funds and other Charitable Trusts.
- 1.2 In accordance with International Auditing Standards (ISA260), Audit Scotland are obliged to report to those charged with the governance of the organisation matters which have arisen in the course of the audit.
- 1.3 The attached reports from Audit Scotland outline their findings from the audit of the 2015/16 Council, Common Good and Charitable Trust financial statements.
- 1.4 Under the Local Authority Accounts (Scotland) Regulations 2014, which came into force from 10 October 2014, the Council must meet to consider the Annual Accounts and aim to approve those accounts for signature no later than 30th September. In order to comply with these requirements, the audited financial statements will be presented to Council for approval at the meeting on 29 September 2016.

- 1.5 Brian Howarth (Assistant Director) and Anne McGregor (Senior Audit Manager), both from Audit Scotland, will attend the Audit, Scrutiny & Petitions Board meeting to speak to their reports.
 - 1.6 Members should note this is the final year of the current external audit team rotation. A new audit team from Audit Scotland will be introduced to the Board in due course.
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2. **Recommendations**

- 2.1 Members are requested to note the Audit Scotland reports attached.
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Implications of the Report

1. **Financial** – The financial statements demonstrate that the Council continues to manage its financial affairs within the resources available.
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – An audit opinion free from qualification demonstrates the Council's compliance with the statutory accounting requirements set out in the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.
5. **Property/Assets** – none
6. **Information Technology** - none.
7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – none

9. **Procurement** – none
10. **Risk** – The annual accounts demonstrate that the Council is managing its resources within the limits available and in accordance with all legal and corporate governance requirements
11. **Privacy Impact** - none

List of Background Papers

None

Author: Alastair MacArthur, Extension 7363

Alan Russell
Renfrewshire Council
Renfrewshire House
Cotton Street, Paisley
PA1 1AN

13 September 2016

Renfrewshire Council, Common Good Funds, Trust Funds 2015/16 Annual Audit Report

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We are drawing to your attention matters for your consideration before the financial statements are approved and certified. We also present for your consideration our draft annual report on the 2015/16 audit which identifies significant findings from the financial statements audit. The section headed "Significant findings from the audit in accordance with ISA260" in the attached annual audit report sets out the issues identified. This report will be issued in final form after the financial statements have been certified
2. Our work on the financial statements is now substantially complete. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue an unqualified auditor's report on 29 September 2016 (the proposed reports are attached at Appendix A-C). There are no anticipated modifications to the audit report.
3. In presenting this report to the Council we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.
4. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected. We have no unadjusted misstatements to bring to your attention.
5. As part of the completion of our audit we seek written assurances from the Director of Finance and Corporate Services on aspects of the financial statements and judgements and estimates made. Draft letters of representation under ISA580 are attached at Appendix D-F. These should be signed and returned by the Director of Finance and Corporate Services with the signed financial statements prior to the independent auditor's opinion being certified.

APPENDIX A: Proposed Independent Auditor's Report - Renfrewshire Council

Independent auditor's report to the members of Renfrewshire Council and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Renfrewshire Council and its group for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets and Cash-Flow Statements, the authority-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, and the Non-domestic Rate Account and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Director of Finance and Resources and auditor

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the Director of Finance and Resources is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the council and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Resources and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the council and its group as at 31 March 2016 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Brian Howarth ACMA CGMA
Assistant Director
Audit Scotland
4th Floor South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 September 2016

APPENDIX B: Proposed Independent Auditor's Report - Trust Funds

Independent auditor's report to the trustees of Renfrewshire Council Trust Funds and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Renfrewshire Council Trust Funds for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, Statement of Balances and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

As explained more fully in the Trustees' Report, all elected members of Renfrewshire Council have general control and management responsibilities, the Director of Finance and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2016 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Anne McGregor
Senior Audit Manager,
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 September 2016

Anne McGregor is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

APPENDIX C: Proposed Independent Auditor's Report - Common Good Funds

Independent auditor's report to the trustees of Renfrewshire Council Common Good Funds and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Renfrewshire Council Common Good Funds for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standard (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities in respect of the Annual Report and Financial Statements, the trustees are responsible for the preparation of the financial statements which give a true and fair view. The Director of Finance and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.
-

I have nothing to report in respect of these matters.

Anne McGregor
Senior Audit Manager,
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 September 2016

Anne McGregor is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

APPENDIX D: Letter of Representation (ISA 580) - Renfrewshire Council

Brian Howarth
Audit Scotland
Assistant Director
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 September 2016

Dear Brian

Renfrewshire Council Annual Accounts 2015/16

1. This representation letter is provided in connection with your audit of the financial statements of Renfrewshire Council for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Renfrewshire Council, as at 31 March 2016 and its comprehensive net expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Chief Executive and Corporate Management Team, the following representations given to you in connection with your audit of Renfrewshire Council for the year ended 31 March 2016.

General

3. I acknowledge my responsibility and that of Renfrewshire Council for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by Renfrewshire Council have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the accounts, including the Management Commentary and Remuneration Report, presents a balanced picture of Renfrewshire Council and is consistent with the financial statements.
5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA260).

Financial Reporting Framework

6. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and in accordance with the requirements of Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003 including all relevant presentation and disclosure requirements.

7. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of Renfrewshire Council and its group for the year ended 31 March 2016.

Accounting Policies & Estimates

8. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

10. The Board has assessed Renfrewshire Council's ability to carry on as a going concern, as identified in the Statement of Accounting Policies, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

11. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Events Subsequent to the Date of the Statement of Financial Position

12. There have been no material events since the date of the Statement of Financial Position which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
13. Since the date of the Statement of Financial Position no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

14. I acknowledge, as section 95 officer, my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
15. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2016, which require disclosure.

Fraud

16. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

17. The assets shown in the Statement of Financial Position at 31 March 2016 were owned by Renfrewshire Council, other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

18. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 March 2016.

Carrying Value of Assets and Liabilities

19. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the financial statements.

Provisions

20. Provisions have been made in the financial statements for all material liabilities which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by 31 March 2016 and of which Renfrewshire Council could reasonably be expected to be aware. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the present obligation at 31 March 2016.

Annual Leave Accrual

21. The holiday pay accrual included in the financial statements excludes any flexi time balance due at the year end as this is not considered material.

Other matters

Group Accounts

22. In my opinion the group assets, liabilities and revenue transactions within the financial statements are materially complete. The group boundary has been reviewed in accordance with the Code and there are no material entities that have been omitted from consolidation within the financial statements. Any significant issues with the financial statements of group entities, including qualifications, have been advised to audit.
23. In making these assertions I am reliant on the opinions of the external auditors of group entities.

Pension Fund

24. The pension assumptions made by the actuary in the IAS19 report for Renfrewshire Council have been reviewed and I confirm that they are consistent with management's own view.

Yours sincerely

Alan Russell
Director of Finance and Resources

APPENDIX E: Letter of Representation (ISA 580) - Trust Funds

Anne McGregor
Audit Scotland
Senior Audit Manager,
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Anne,

Renfrewshire Council Trust Funds Annual Accounts 2015/16

Renfrewshire Council Trust Funds

- Paisley Burgh Citizens Fund (SC042037)
- Renfrew Burgh Citizens Fund (SC042035)
- Renfrewshire Council Citizens Fund (SC042036)
- Coats Observatory Fund (SC019454)

25. This representation letter is provided in connection with your audit of the financial statements of Renfrewshire Council Trust Funds for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Renfrewshire Council Trust Funds, as at 31 March 2016 and its income and expenditure for the year then ended.
26. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the trustees of the registered charities where Renfrewshire Council is the sole trustee, the following representations given to you in connection with your audit for the year ended 31 March 2016.

General

27. I acknowledge my responsibility and that of Renfrewshire Council (as the administering authority) for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the registered trusts as listed above have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
28. The information given in the Trustees' Report to the financial statements presents a balanced picture of each charity and is consistent with the financial statements.
29. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA 260).

Financial Reporting Framework

30. The financial statements comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 9(1), (2) and (3) of the Charities Accounts (Scotland) Regulations 2006.

31. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of each registered charity for the year ended 31 March 2016.

Accounting Policies & Estimates

32. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

33. The Trustees have assessed the ability of each registered charity to carry on as a going concern, and have disclosed in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

34. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of FRS 8.

Events Subsequent to the Statement of Balances Date

35. There have been no material events since the date of the Statement of Balances which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
36. Since the date of the Statement of Balances no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

37. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.

Fraud

38. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

39. The tangible fixed assets and cash fund shown in the Statement of Balances at 31 March 2016 were owned by the registered charity. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements. There are no plans or intentions that are likely to affect the carrying value or classification of the assets within the financial statements.

Yours sincerely

Alan Russell
Treasurer

APPENDIX F: Letter of Representation (ISA 580) - Common Good Funds

Anne McGregor
Audit Scotland
Senior Audit Manager,
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Anne,

Renfrewshire Council Common Good Funds Annual Accounts 2015/16

Renfrewshire Council Common Good Funds

- Paisley Common Good Fund (SC019478)
- Johnstone Common Good Fund (SC019480)
- Renfrew Common Good Fund (SC019479)

40. This representation letter is provided in connection with your audit of the financial statements of Renfrewshire Council Common Good Funds for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Renfrewshire Council Common Good Funds, as at 31 March 2016 and its income and expenditure for the year then ended.
41. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the trustees of the registered charities where Renfrewshire Council is the sole trustee, the following representations given to you in connection with your audit for the year ended 31 March 2016.

General

42. I acknowledge my responsibility and that of Renfrewshire Council (as the administering authority) for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the registered trusts as listed above have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
43. The information given in the Trustees' Annual Report to the financial statements presents a balanced picture of each charity and is consistent with the financial statements.
44. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA 260).

Financial Reporting Framework

45. The financial statements comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

46. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of each registered charity for the year ended 31 March 2016.

Accounting Policies & Estimates

47. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

48. The Trustees have assessed the ability of each registered charity to carry on as a going concern, and have disclosed in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

49. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of FRS 8.

Events Subsequent to the Balance Sheet Date

50. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
51. Since the date of the Balance Sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

52. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.

Fraud

53. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

54. The tangible fixed assets, cash fund and investments shown in the Balance Sheet at 31 March 2016 were owned by the registered charity. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements. There are no plans or intentions that are likely to affect the carrying value or classification of the assets within the financial statements.

Yours sincerely

Alan Russell
Treasurer

Renfrewshire Council

Proposed 2015/16 Annual
audit report to Members
and the Controller of Audit

Key contacts

Brian Howarth, Assistant Director
bhowarth@audit-scotland.gov.uk

Anne McGregor, Senior Audit Manager
amcgregor@audit-scotland.gov.uk

Kenny McFall, Senior Auditor
kmcfall@audit-scotland.gov.uk

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The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies (www.audit-scotland.gov.uk/about/ac/). Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General (www.audit-scotland.gov.uk/about/).

The delegated auditor is Brian Howarth, Assistant Director for Renfrewshire Council for the period 2011/12 to 2015/16.

This report has been prepared for the use of Renfrewshire Council and no responsibility to any member or officer in their individual capacity or any third party is accepted.

The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

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Key messages

Audit of financial statements

- Unqualified auditor's report on the 2015/16 financial statements
- Corrections to the unaudited financial statements include council house valuation (£35 million) and balances with Renfrew Leisure Ltd (£1.3 million)

Financial position and sustainability

- Statutory surplus achieved of £2 million after transfer of £30.8 million to the investment capital fund. This anticipates tighter financial settlements going forward, enabling the council to review its future borrowing and debt smoothing strategy over the medium to longer term
- Renfrewshire Council continues to have relatively low levels of borrowing and external debt.
- Officers are developing medium and longer term planning, based on potential scenarios

Governance and transparency

- Good overall governance with further review of Audit and Scrutiny planned following May elections
- Effective financial management
- Systems of internal control operated effectively.

Best Value

- The council participates in the Local Government Benchmarking Framework and has good procurement performance
- The council's self-assessment programme is being reviewed
- ALEO monitoring and the balance in performance reporting could be improved

Introduction

1. This report is a summary of our findings arising from the 2015/16 audit of Renfrewshire Council. The report is divided into sections which reflect our public sector audit model.
2. The management of Renfrewshire Council is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
3. Our responsibility, as the external auditor of Renfrewshire Council, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.
5. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports,

summarised at [appendix II](#) and [appendix III](#), include recommendations for improvements.

6. [Appendix IV](#) is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that Renfrewshire Council understands its risks and has arrangements in place to manage these risks. The council and executive officers group should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.
7. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
8. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.
9. 2015/16 is the final year of the current five year audit appointment. From 2016/17 the auditor of Renfrewshire Council will be Audit Scotland. In accordance with agreed protocols and International Standards on Auditing we will be liaising with the incoming auditors as part of this transition.

Audit of the 2015/16 financial statements

Audit opinion	• We have completed our audit of the council and its group and the three Common Good and four charitable trusts administered by the council and issued unqualified independent auditor's reports.
Going concern	• The financial statements of the council, its group and the associated charitable trusts have been prepared on the going concern basis.
Other information	• We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.
Group accounts	• Renfrewshire Council has accounted for the financial results of two subsidiaries and three associates in its group accounts for 2015/16. The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £44.3 million.
Whole of government accounts	• The council plans to submit a consolidation pack for audit by 16 September (deadline 26 August). This will be audited and the certified return submitted to the NAO.

Submission of financial statements for audit

10. We received the unaudited financial statements on 22 June 2016, in accordance with the agreed timetable. The working papers were of a good standard and council staff provided good support to the audit team which assisted the delivery of the audit to deadline.
11. In 2015/16, for the first time, local government group accounts are required to include the financial results of Integration Joint Boards (IJBs) in their area, where material. The Renfrewshire IJB was established on 27 June 2015 but did not become operational until 1 April 2016. The amounts concerned in 2015/16 have been consolidated into the group accounts.

Overview of the scope of the audit of the financial statements

12. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Audit, Scrutiny and Petitions Board on 25 April 2016.
13. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was set out in the Annual Audit Plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

14. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. [Appendix I](#) sets out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.
15. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

16. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).
17. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial

statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

18. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of Renfrewshire Council we set our planning materiality for 2015/16 at £6.233 million (1% of gross expenditure). We report all misstatements greater than £100,000, performance materiality was calculated at £1.558 million to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level.

19. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels and concluded that our original calculation remained appropriate.

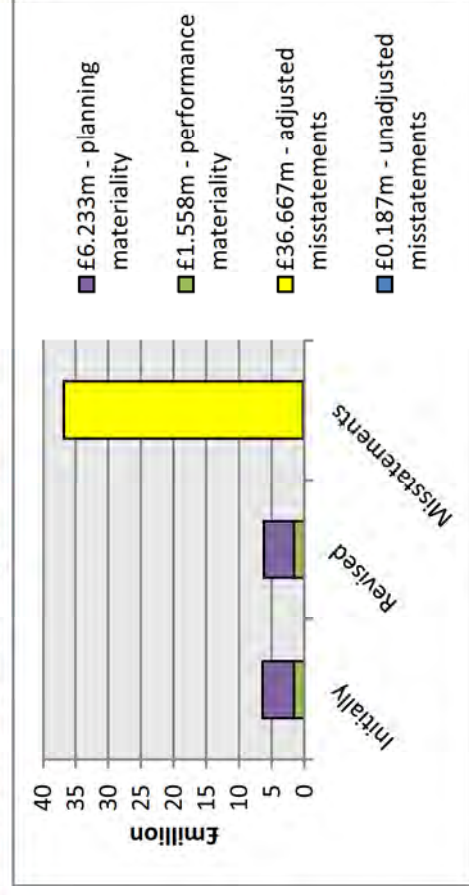
Materiality in the charitable trusts

20. We also set separate materiality in the audit of the charities' financial statements. Planning materiality for the Renfrewshire Council Trust Funds is £6,730, with performance materiality of £3,365. The Renfrewshire Council Common Good Funds have a planning materiality of £321,000 and performance materiality of £289,000, based on net assets. In the Common Good Fund we also set a separate performance materiality for incoming/outgoing resources of £94,000.

Evaluation of misstatements

21. All misstatements identified during the audit, which exceeded our misstatement threshold, have been amended in the financial statements.
22. A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements. These adjustments do not impact the usable reserves nor on the surplus shown on the Comprehensive Income and Expenditure Statements. These adjustments include:
 - Correction to the valuation of council houses (£34.7 million – Paragraph 27).
 - Adjustment of balance with Renfrew Leisure Ltd (£1.362 million– Paragraph 28).

Exhibit 1: Overall materiality misstatements



- Re-classification of debtors between short and long term (£0.6 million – Paragraph 29).

23. There was also one misstatement that finance officers decided not to adjust in the financial statements. If this had been adjusted for it would have increased income by £0.187 million with a similar increase in the net asset position (refer to paragraph 30). We requested that all errors be corrected, although the final decision on this matter rests with those charged with governance taking into account advice from officers.

24. The total adjustments exceeded our overall performance materiality level of £1.558 million and we considered the need to undertake further audit testing. We consider that the issues noted below are isolated and do not indicate that further systematic errors exist within the account areas or more pervasively within the financial statements. We considered the impact of these misstatements on our audit approach and decided that further audit procedures were not required.

Significant findings from the audit

25. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:

- The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
- Significant difficulties encountered during the audit.
- Significant matters arising from the audit that were discussed, or subject to correspondence with management.
- Written representations requested by the auditor.
- Other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.

26. The following table details those issues or audit judgements that, in our view, require to be communicated to those charged with governance in accordance with ISA 260.

Table 1: Significant findings from the audit

Significant findings from the audit in accordance with ISA260

Council House Valuation

27. Council dwellings are revalued each year by using a Beacon Principle (adjusted vacant possession) methodology in accordance with the Royal Institution of Chartered Surveyors (RICS) guidance. The valuation process involves using figures from Register of Scotland publications which examines housing market changes for the local area and also local housing allowances. Errors were identified in the information used to complete the valuation which led to an increase in valuation of £34.7m. The accounts have been corrected.

Significant findings from the audit in accordance with ISA260

Trade Receivables

28. We noted as part of our work on inter-related balances that Renfrewshire Leisure Limited was held as a debtor with the council at the year end. Discussion with officers identified this as an error, as the final service level agreement payment of £1.4m had been incorrectly classified. This resulted in a decrease in short term debtors of £0.8m, a decrease in short term creditors of £1.4m and an increase in short term borrowing of £0.6m. These adjustments have been made in the audited financial statements.

Reclassification of debtors

29. As part of our trade receivables testing we tested a number of debtor balances to ensure that they had been correctly classified. Our testing identified one classification error relating to income due for the sale of land. This resulted in a reclassification adjustment of £0.6m between short and long term debtors within the balance sheet in the audited financial statements.

Event after the balance sheet date

30. During the year the council was involved in a contractual legal dispute with a supplier. The outcome of the case was settled in May 2016, after the year end, and the result was that the council was owed income of £0.187m which was subsequently received in June. We would consider this to be an adjusting post balance sheet event per IAS10 and as such that the council should recognise this income in year. This error has not been adjusted in the financial statements after discussion with officers and is below our materiality levels.

Management Commentary

31. In 2014 the Scottish Government provided guidance on the content of the management commentary which should allow entities to prepare clear and concise narrative reports that facilitate fair, balanced and understandable reporting. A number of amendments have

Significant findings from the audit in accordance with ISA260

been made to the audited management commentary to provide further clarity and understanding to the users of the accounts. Examples of these include providing more detail in relation to reserve movements, revising the format of the summary of outturn position table and making minor revisions to the key financial ratios.

Appendix IV – Action Plan No.1

Findings from the audit of the Common Good and Trust Funds

Renfrewshire Council Trust Funds

32. The year-end balances of the Trust Funds are made up of £30,657 cash balances across the three funds: Paisley Burgh Citizens Fund £344, Renfrew Burgh Citizens Fund £5,426 and Renfrewshire Council Citizens Fund £24,887. At recent spending levels the funds will be fully distributed in the next few years and we recommend that these trusts are reviewed to ensure either sustainability or winding-up.

Appendix IV – Action Plan No.2

Future accounting and auditing developments

Health and social care integration

33. From 1 April 2016 IJBs will be accountable for the provision of health and social care. IJBs will be required to produce financial statements in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom. Where material the financial results of the local IJBs will need to be reflected in the council's group accounts in 2016/17. The council will need to include the IJB in its plans for the preparation and audit of the 2016/17 comprehensive net expenditure, group accounts and annual governance statement.

Highways network assets

34. From 2016/17 local authorities will be disclosing Highways Network Asset (HNA) as a new category within the long-term assets section of the balance sheet. This change will see a significant change in balance sheet valuation. During the year we reviewed the council's arrangements in place and noted that the council have been working with SCOTS to develop an inventory of roads infrastructure assets based on sample measurements and condition surveys.
35. From discussion with officers we confirmed that roads are already measured using recommended practice within the council's asset

Appendix IV – Action Plan No.1

management system and therefore there are no plans to change measurement techniques and also that WDM (Roads assessment surveyor) provide road condition reports which provides information on carriageway lifespans.

36. The council has a working group, consisting of finance staff and operational engineers, in place which is progressing the monitoring and management of a roads asset management plan and also working towards ensuring financial procedures will be in place for inclusion of HNA within the 2016/17 annual accounts.

Appendix IV – Action Plan No.1

Code of Audit Practice

37. A new Code of Audit Practice will apply to all audits from financial year 2016/17. There will be a focus on four areas:

- Financial sustainability.
- Financial management.
- Governance and transparency.
- Value for money.

38. Our audit responsibilities have been extended to cover specific risks over grants and welfare payments as well as income and significant outputs, such as the annual audit plan, will be published on Audit Scotland's website.

Financial sustainability

Accounting surplus +£4 million

last year -£9 million deficit

Expenditure on services
-£592m

Income from services
£226m

Other income/ expenditure
-£29m

Tax and grant income
£399m

Statutory Surplus (GF incl HRA) +£2.1 million

last year +£5.3 million

Surplus on General Fund
£2.5m

Deficit on HRA
-£0.4m

Movement in usable reserves £36.3 million

General Fund +£2.5m

HRA -£0.4m

Capital Receipts Reserve +£0.3m

Other Reserves +£33.8m

Usable Reserves £141 million

last year £105million

General Fund £61.4m
(Earmarked £54.4m)
(Unallocated £7.0m)

HRA balance £10.2m

Other £69.8m

Overall the council reported an accounting surplus of £4 million, with non-HRA services (£19 million) offsetting a deficit on HRA (-£15 million). However regulatory adjustments to the accounting basis mean that the overall increase in usable reserves was £36 million.

2015/16 financial outturn

39. The management commentary states that the outturn position is a surplus of £2.5 million against a budget of £0.6 million on the general fund. Taken together with the outturn on the Housing Revenue Account Balance (a deficit of £0.4 million), the total surplus of £2.118 million is achieved after transferring £33.8 million to capital reserves. Prior to this transfer the surplus was £35.9 million (10% of net cost of services), compared to £11.8 million last year (3%).

Exhibit 2: elements of the financial outturn (£million)

	2015/16	2014/15
Net cost of services (CNES)	(365.438)	(372.028)
Gains, financing, investment income	29.421	30.174
Taxation, grants (CNES)	398.857	393.069
Service Surplus/ (deficit)	3.998	(9.133)
Statutory adjustments to GF (MIRS)	31.904	20.922
Surplus before transfer to reserves	35.902	11.789
Transfer to reserves (MIRS)	(33.784)	(6.460)
Surplus after transfers	2.118	5.329

40. The increase in surplus/ reserve transfer from last year is due to three main factors:

- Reduction in service outturns (£6.6 million) (CIES).
- Increases in revenue grant and non-domestic rates from SG (£3.6million) (Note 10).
- Reduced charges to services for debt (£15.9 million) (Note 7).

41. The transfer to the investment capital fund of £30.78 million was identified to council in the report on the unaudited financial statements on 22 June 2016. This build-up of reserve is significant and anticipates tighter financial settlements going forward, enabling the council to review its future borrowing and debt smoothing strategy over the medium to longer term.

42. The council was able to provide the funding to the capital investments fund mainly through revision to the debt smoothing strategy meaning a reduction of loans fund repayments payable to services of £22 million, and also reductions in loans fund interest due of £3.4 million and CFCR of £2.9 million.

43. The basis of reporting the budget and outturn position for services differs from that reported in the Comprehensive Net Expenditure Statement (Note 8 identifies the differences). Reporting to services excludes pensions and depreciation charges for example.

44. The outturn of general services is broadly in line with budget expectations. A review of financial monitoring reports provided to members during the year identified an anticipated underspend of around £1.2 million from November 2015 due to several small departmental underspends. This increased to £1.8 million at the

year end and was combined with the budgeted contribution to reserves of £3.5 million leading to an actual surplus of £5.4 million.

45. Service underspends were recorded in Children's services (£313,000), Miscellaneous services (£615,000) and an over recovery of council tax income of £540,000.

Housing revenue account

46. The council is required by legislation to maintain a separate Housing Revenue Account (HRA) and to ensure that rents are set to at least cover the costs of its social housing provision. Rent levels are therefore based on the budget set for the year. The income requirement for the HRA in 2015/16 was set at £52 million and was to be funded mainly from council house rents. This resulted in a rent increase of 3.5%: an increase in the average weekly rent from £71.18 to £73.67.

47. The councils rent arrears in 2015/16 were £2.2 million, a decrease of 14% from 2014/15 (£2.6 million). Our review noted that the level of provision for bad debts under 12 months had increased.

Officers informed us that this was due to the uncertainties surrounding welfare reform and that the council would continue to monitor its level of provision applied during the roll out of universal credit.

48. In 2015/16, the council recorded an accounting deficit on HRA services of £15 million. However after applying statutory accounting adjustments there was an increase of £2.7 million on

the HRA balance (within the general fund) prior to a transfer of £3.1 million to the housing capital fund.

Financial position

49. The financial statements show that:

- Renfrewshire Council has net assets of £851 million a increase of £212 million from last year, mainly attributable to:
 - The reduction in the pension net liability based on an increase in the applied discount factor to liabilities (increased from 3.2% to 3.5%).
 - An increase in short term investments (+£42 million).
- The council incurred positive net cash flows from operations (£78 million).
- There is an excess of current assets over current liabilities (and this has improved from last year).

Going concern

50. The council has tax raising powers and we are not aware of any significant change in government policy that might affect the continued provision of services. We concur with management's view that the going concern assumption remains appropriate.

Financial sustainability

51. The council delivers a broad range of services, both statutory and discretionary, to its communities. Financial sustainability means that the council has the capacity to meet the current and future needs of its communities.
52. In assessing financial sustainability we are concerned with whether:
- there is an adequate level of reserves
 - spending is being balanced with income in the short term
 - long term financial pressures are understood and planned for
 - investment in services and assets is effective.

Reserves

53. The overall level of usable reserves held by the council increased by £36 million during 2015/16 to £142 million ([Exhibit 3](#)). The general fund balance includes ring-fenced elements totalling £54 million. This includes the Waste Management Strategy Fund (£7 million), Paisley Town Centre Heritage Asset Strategy Fund (£8 million), Service Modernisation and Reform Fund (£6 million) and Tackling Poverty Fund (£4 million).

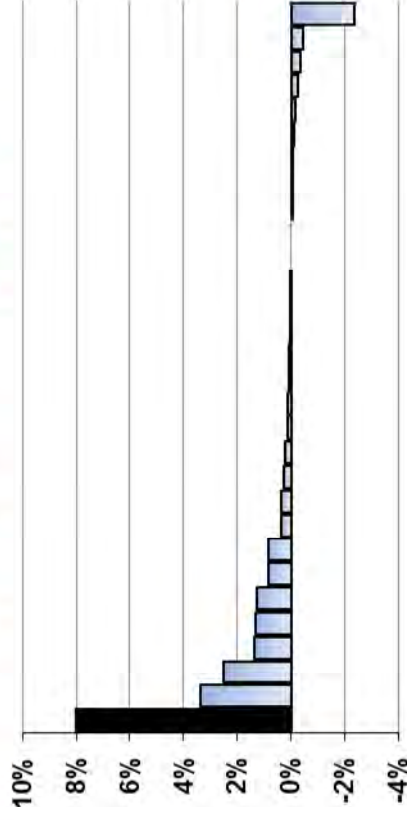
Exhibit 3: Usable reserves

Description	31 March 2016 £ million	31 March 2015 £ million
General fund	61.378	58.854
Housing revenue reserve	10.239	10.645
Revenue Statutory Funds	2.855	2.853
Capital Receipts Reserve	4.116	3.760
Capital Statutory Funds	62.788	29.006
Total usable reserves	141.376	105.118

Source: Renfrewshire Council 2015/16 financial statements

54. The principal purpose of holding a general fund reserve is to provide a contingency fund to meet unexpected events and as a working balance to help cushion the impact of uneven cash flows. The unallocated balance of £7 million represents 1.9% of the net cost of services (2014/15: 2.1%). This position satisfies the council's policy to maintain uncommitted reserves at a minimum of £7 million.
55. The main increase in reserves in 2015/16 is due to the £34 million transfer from the general fund and housing revenue account to the capital statutory funds. This transfer is significantly higher than the movement in capital reserves for any other mainland council.

Exhibit 4: Movement in usable capital reserves as a % of net revenue including rents (Renfrewshire highlighted)



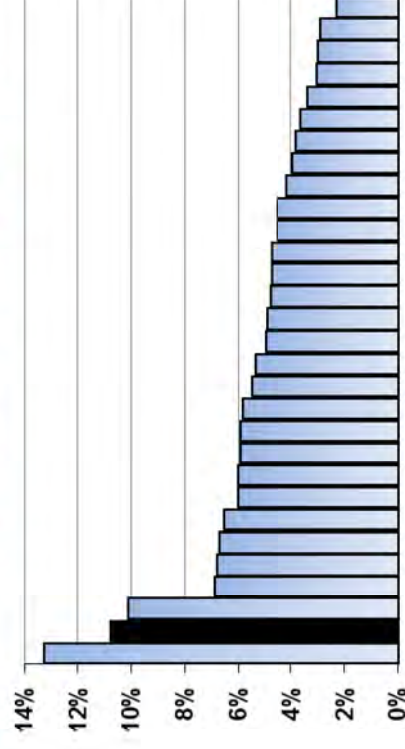
Source: 2015/16 unaudited financial statements (mainland councils)

56. Discussions with officers have confirmed that this is part of the council's intention to review its future financial and debt smoothing strategy and will provide capital financing for major capital investment projects over the next few years.

57. The council's debt smoothing strategy accelerates the repayments made by services in the short to medium term. However the effect of this was reduced in 2015/16 by £16 million (from £37.7 million to £21.8 million). Despite this reduction, [Exhibit 3](#) demonstrates that the council still applies a relatively high proportion for external debt repayment.

58. The effect of this policy is that funds are made available for capital financing/external debt repayment and reserves are established to defray future expenditure, but that in the short term expenditure on services are reduced.

Exhibit 5: Statutory provision for repayment of debt as a % of net revenue including rents (Renfrewshire highlighted)



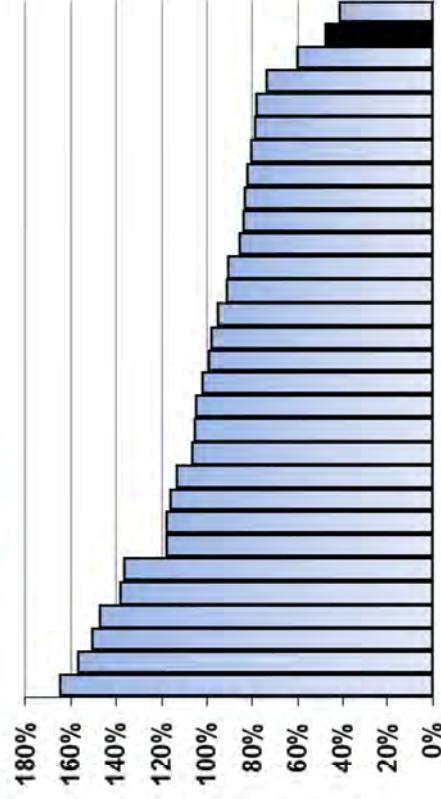
Source: 2015/16 unaudited financial statements (mainland councils)

Borrowing

59. At 31 March 2016 total borrowing was £229 million, a decrease of £7 million on the 2015 borrowing level of £236 million. Analysing long term borrowing as a proportion of net revenue stream gives an indication of the relative indebtedness of the council. The

following exhibit shows that the council has relatively low levels of borrowing and external debt.

Exhibit 6: Net external debt as a % of net revenue including rents (Renfrewshire highlighted)



Source: 2015/16 unaudited financial statements (Mainland councils)

Historic accounting deficit

60. The council reported a £4 million accounting surplus for 2015/16. This is in contrast with accounting deficits of £9 million and £14 million in 2014/15 and 2013/14.

Resource Management

Council transformation/efficiency strategy

61. The council plans to make a number of significant savings through the use of the better council change programme which was devised to address budget deficit gaps. The change programme has centred on the following key areas in recent years:
- debt smoothing strategy
 - the reconfiguration of 'back office' services
 - the introduction of a new consolidated support service model
 - a review of environmental and waste management services
 - investment in the early intervention and prevention agenda for children and adults to reduce cost pressures for the council.
62. The council is currently implementing phase 2 of the savings programme which involves the implementation of the new ERP (enterprise resource planning) system. The implementation of the ERP system involves implementation of a suite of fully integrated finance, payroll and procurement software applications which automate and streamline administrative processes. This project involves a one off implementation cost of £3 – 4 million however is expected to achieve recurring savings of around £2 million per annum for a 3-5 year period.
63. Other savings plans include the new council website which was launched in March 2016 and the online customer portal (My

Account) which was also launched in March. The new website involved redesigning the structure and content of the council's website to make it more appealing to customers wishing to use web services as a means of interacting with the council whilst the online customer portal allows online payment for a number of council services (for e.g. council tax payments).

Capital programme 2015/16

64. The council approved its general services and housing capital programme for 2015/16 in February 2015. There has been a significant underspend in the capital programme in 2015/16 of £19 million. This includes re-profiling of capital projects of £11.5 million and slippage of £8 million. Actual spend was £34 million (general services) and £13.5 million (housing).

65. The general services' programme was concentrated on the new build, refurbishment and repair of schools, infrastructure and flood prevention measures and the lifecycle maintenance programme. The housing programme focused on "major component replacement".

Asset management

66. The 2015-18 corporate asset strategy was issued to the Planning and Property Policy Board in August 2015. The asset strategy links to the themes in the council plan and capital budgets agreed for the three year period. The council has revised the corporate landlord operating model relating to building management and maintenance and adopted an integrated approach for hard and

soft Facilities Management (FM) under the Director of Community Resources from 1 April 2015. An action plan is now in place within the strategy for the key strategic actions to be completed by 2018.

Workforce Management

67. The Organisational Development strategy 2016-19 was approved by the Council's Leadership Board in December 2015 and outlined key priorities aligned to the council's strategic outcomes. A key priority is to develop and improve the councils approach to workforce planning and people development. An Organisational Development Strategy progress report was presented to the Corporate Management Team in April 2016. The report discussed a more detailed approach to develop management and leadership skills in the context of workforce planning.

68. The Organisational Development Strategy focuses on managing change effectively, through a more flexible workforce and potential changes to roles, teams, working patterns and delivery partners.

69. A total of 14 exit packages were approved in 2015/16. We have reviewed these exit packages and concluded that the authorisation and best value assessment were completed appropriately and accounts disclosures were accurately recorded.

70. This brings the total exit packages approved since 2010/11 to 1,150 with total costs of £73 million. The total upfront costs were £18 million (25%) for amounts paid to individuals, £23 million (31%) to the pension fund (for strain-on-the-fund costs). The remaining £32 million (44%) is for the estimated capitalised cost of

added years; the cumulative effect of the council paying an additional pension amount until someone dies. The costs reflect the scale of change delivered across the council.

Conclusion on financial sustainability

71. The council has a strong level of reserves, low levels of external borrowing and is containing its expenditure within annual budgets. Overall we conclude that the current financial position is strong, although rising demand for and costs of services will continue to place a strain on the council's capacity to deliver services at the current levels.

2016/17 financial outlook

Financial planning

72. In June 2014, Audit Scotland reported on [Scotland's public](#)

[finance](#) and the significant financial challenges ahead. The report identified that public bodies "face increasingly difficult choices in reducing spending while maintaining service standards and meeting rising demand". The report identified that financial planning improvements were required by public bodies and contained key recommendations.



73. In the [local government overview report](#)

published in March 2016, Audit Scotland set out some key questions which provide a framework for our assessment of the financial planning in Renfrewshire Council which is outlined in the following table.



Table 2: Assessing financial planning

How fully do our financial plans identify estimated differences between income and expenditure (budget shortfall)?	
74.	In March 2016 members approved a balanced budget of £382 million for 2016/17. The budget reflects a 3.4% reduction in funding from the Scottish Government and incorporates savings of £6.8 million delivered from the Better Council Change programme and £2.5 million from other corporate savings. The budget reflects council plan priorities on investment in priority areas, principally economic and cultural regeneration, jobs and tackling poverty.
75.	The latest financial monitoring report up to the end of June 2016, to the Finance and Resources Policy Board is currently reporting a breakeven position for the council, indicating that the planned savings are being delivered.
76.	The 2016/17 budget paper explained that the anticipated position through to 2017/18 will continue to be challenging and after the expected savings from debt-smoothing and Better Council Change Programme there is an estimated budget gap of between £1 and £6 million, which is principally dependent on grant settlement and pay award, after taking account of savings activities. The Head of Finance is currently carrying out scenario planning on these factors.
77.	A more detailed three-year financial plan is also being prepared for members for the end of September. It will include scenario plans covering key variables of grant levels and pay awards; key pressures like back-log maintenance and long-term horizon scanning and the on-going level of uncertainty.
What options do we have to address this budget shortfall for example redesign services or use reserves? How big is the remaining funding gap after we implement our selected options? What actions are we taking to close any remaining funding gap?	
78.	As noted above, the 2016/17 savings activities are on track to deliver a balanced budget. For 2017/18, there remains a funding gap of between £1 million and £6 million and the position for 2017/18 will be developed as part of the update to members at the end of September. The Better Council Change programme continues into phase two with a range of projects as noted above. In June 2016 members were updated that officers are now looking themes for the next phase from 2018 where further redesign of services is anticipated. As part of this, the longer-term viability of the voluntary severance package is being reviewed.

Do we have a long-term financial strategy covering at least five years that accounts for future pressures? Is our five-year strategy supported by detailed financial plans covering a minimum period of three years? How well do our financial plans set out the implications of different levels of income spending and activity? How does our financial strategy link to our vision for the future?

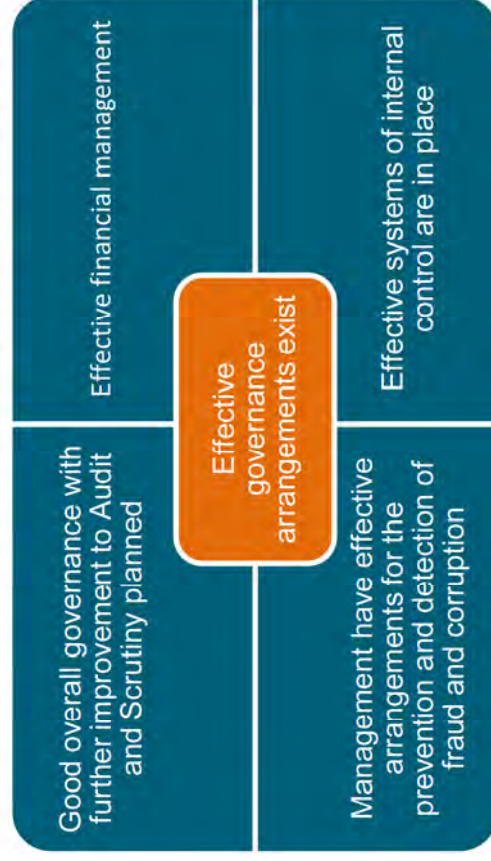
79. Renfrewshire Council publishes financial outlook papers annually highlighting key messages from Scottish Government financial settlement and estimated savings gaps, for example in December 2013 members were provided with financial outlook 2014/15 to 2017/18. They have determined principles for financial planning, for example extensive use of ear-marked reserves as a mechanism to support medium-term financial planning. The strategy is being currently being reviewed and updated. The papers include high-level messages rather than detailed financial plans.

80. The council has been examining various scenarios as part of a 30-year financial planning exercise of the Housing Revenue Account. This has included assumptions for:

- Additional housing investment
- Bad debt provision
- Inflationary pressures on costs
- Rent increases

Appendix IV - Action Plan No. 3

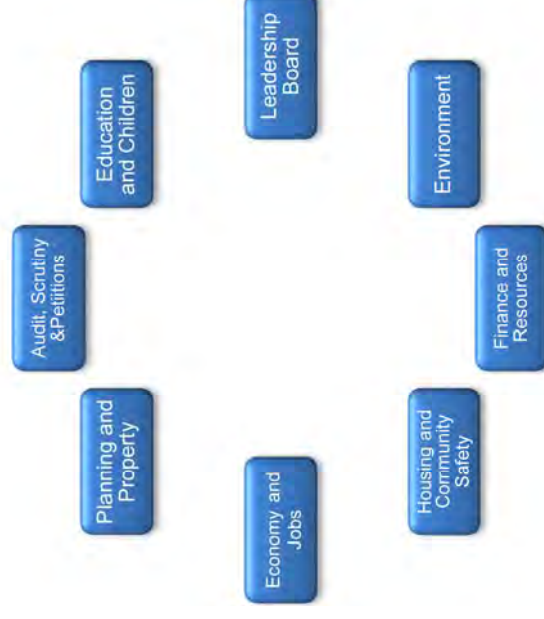
Governance and transparency



81. Members and management of the council are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements.
82. Citizens should be able to hold the council to account about the services it provides. Transparency means that citizens have access to understandable, relevant and timely information about how the council is taking decisions and how it is using its resources.

Corporate governance

83. The council is supported by a number of standing boards, see below:



84. The council has developed and adopted a local code of corporate governance which reflects the key components as set out in the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance. The local code is subject to annual review by officers and presented to the Audit, Scrutiny and Petitions Board in March.
85. Subject to the issue below, we conclude that the council has effective overarching and supporting governance arrangements

which provide an appropriate framework for organisational decision-making.

86. There have been a small number of changes to reporting arrangements during 2015/16 with Renfrewshire Leisure now to be reported through the leadership board and adult services now reported via Renfrewshire Integrated Joint Board

87. The Convener of the Audit, Scrutiny and Petitions Board is currently a member of the administration of the council, while the Deputy Convener is an opposition member. This arrangement has been in place for some time, including the previous administration. This practice is unusual within Scotland, with most conveners of audit committees being drawn from the opposition. As noted in previous reports the council will review its arrangements on the chairing of this committee as the council plans for the outcome of local government elections in 2017.

Appendix IV - Action Plan No. 4

88. From attendance at this committee we continue to note that the majority of discussion and questions from members relate to the petitions presented to the Board rather than audit and scrutiny related issues.

Financial management arrangements

89. As auditors, we need to consider whether councils have established adequate financial management arrangements. We do this by considering a number of factors, including whether:

- the proper officer has sufficient status within the council to be able to deliver good financial management
- financial regulations are comprehensive, current and promoted within the council
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- monitoring reports do not just contain financial data but are linked to information about performance
- members provide a good level of challenge and question budget holders on significant variances.

90. We assessed the role and status of the proper officer against CIPFA's "Statement on the role of the Chief Financial Officer in Local Government" and concluded that the council complies with the statement's five principles.

91. We reviewed the council's financial regulations, which are revised annually, and concluded that they are comprehensive and current. The council's financial regulations are available on the council's website.

92. Financial monitoring reports (both revenue and capital) are submitted to the policy boards at each meeting. Reports are well laid out and explanations for variances are provided. The council reported a breakeven position during the first six months of the financial year and then forecasted a £1.2 million underspend from November 2015 onwards.

93. As auditors we attend a number of council and committee meetings each year. Members provide reasonable challenge and question budget holders on significant variances and service performance issues.
94. We are satisfied that the council has demonstrated effective financial management in the current year.

Internal financial control

95. As part of our audit we reviewed the high level controls in a number of systems fundamental to the preparation of the financial statements. Our objective was to obtain evidence to support our opinion on the council's financial statements.
96. No material weaknesses in the accounting and internal control systems were identified which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. However our main findings from the work performed include:
- There is an inconsistent approach over the physical verification of assets within different departments and for different asset types. A formal procedure should be introduced to ensure consistency across services.
 - Debt write offs for those individual debts under £10k are authorised by the Director of Finance and Resources on an annual basis, however there was a delay in the authorisation of housing rents write-offs in 2015/16 and only provided in

September 2016. Officers have confirmed that this write-off authorisation process will now be completed on a quarterly basis.

- Internal audit reported that the majority of invoices tested for approval were authorised correctly. As some invoices were incorrectly authorised, we therefore extended substantive testing and the results were satisfactory.

Internal audit

97. Internal audit provides members and management of the council with independent assurance on risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.
98. Our review of internal audit concluded that internal audit operates in accordance with Public Sector Internal Audit Standards and has sound documentation and reporting procedures in place.
99. The Chief Auditor reported in her 2015/16 report that the 2015-16 Internal Audit Plan was 95% complete with the remaining work now finalised.
100. Formal reliance on the work of internal audit 2015/16 was placed on:
- Non Domestic Rates

Arrangements for the prevention and detection of fraud

- Payment authorisation.
- 101.** The annual internal audit report was issued in June 2016 and we note that reasonable assurance was provided over the adequacy and effectiveness of the council's internal control, risk management and governance arrangements. The appendix to the annual report identifies a small number of audits where the level of assurance provided by internal audit was limited, including self directed payments and building security arrangements and the reasons for the limited assurance include delays in the approval of care packages and financial reviews of client payments, and a lack of clear roles and responsibilities within building security services in the council. These areas are noted in the Annual Governance Statement

ICT audit

- 102.** During the year we completed a review of the council's arrangements in response to a potential cyberattack. Our assessment showed that the arrangements and controls in place were robust. The corporate risk register has been updated to include cyber attacks as a high level risk.
- 103.** The departmental Major Incident Plan is under development and will shortly be submitted to management for approval.

- 104.** The arrangements for preventing and detecting fraud are appropriate, based on the existence of appropriate policies, results of NFI matches and the local follow up arrangements.
- 105.** We conclude that the council had adequate arrangements in place.
- 106.** NFI progress reports are regularly given to the Audit, Scrutiny and Petitions Board and also the senior management team. From a review of the NFI database, the council's response to cases appeared reasonable and the majority of cases have now been closed off or have identified a fraud/error. In most outcomes where fraud has been identified, the Council's Debt Recovery team are pursuing repayments for any overpayment. The Council are also issuing warning letters, cautions or penalties as they see fit. We have no concerns over the Councils response to outcomes.
- 107.** During the last NFI exercise 1870 matches were processed, with 996 being cleared. There were a total of 870 frauds and 4 errors resulting in a recoverable total of £750,000.
- 108.** Responsibility for benefit fraud investigation remained with internal audit until 1 March 2016, when it transferred to the Department for Work and Pensions Single Fraud Investigation Service (SFIS). Following this the Director of Finance and Resources agreed to retain a corporate counter fraud resource within the Internal Audit Team. The aim of the team is to investigate non-benefit fraud such

as tenancy fraud and other corporate fraud, as well as being the Council's single point of contact with the DWP for all enquiries/information they require from the Council to enable them to undertake housing benefit investigations. A business plan has been prepared and agreed with the Director of Finance and Resources.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

109. The arrangements for the prevention and detection of corruption in Renfrewshire Council are satisfactory and we are not aware of any specific issues that we need to record in this report.
110. During the year a councillor was reported to the Commissioner for Ethical Standards in Public Life in Scotland (the Commissioner) for an alleged breach of the councillors' code of conduct relating to conduct at meetings. The hearing is due to be held in October 2016.

Transparency

111. Overall we concluded that the council is open and transparent although we have encouraged improvements in the balance and transparency of reporting of the financial position in this year's management commentary. This includes making the original revenue estimate clear from revised budgets during the year; ensuring that the outturn position is reconcilable to the statutory

general fund position in the financial statements and asking for additional disclosures of transfers to reserves.

112. At Renfrewshire Council meetings of the full council are held in public with papers available from the council website. Full Council meetings are filmed for live or subsequent broadcast via the council's internet site.
113. There are some papers that are taken privately but these include either personnel or commercially sensitive information and we do not see over excessive exclusion of press and public.
114. All elected members registers of interest are available from the council website. Senior officers have up to date registers but these are not available on the website, however officers have informed us that this information will be published in the near future. We also consider that the register should be extended to other staff within the council where appropriate.

Appendix IV – Action Plan No.5

Freedom of Information requests

115. The council responded to 98.7% of freedom of information requests within statutory timescales as at March 2015 and this fell slightly to 94.6% in March 2016. In addition, from 2014/15 to 2015/16 the council saw a 29% increase in the number of requests received.
116. Internal audit completed a review of FOI arrangements in 2015/16 and found that satisfactory arrangements are in place for

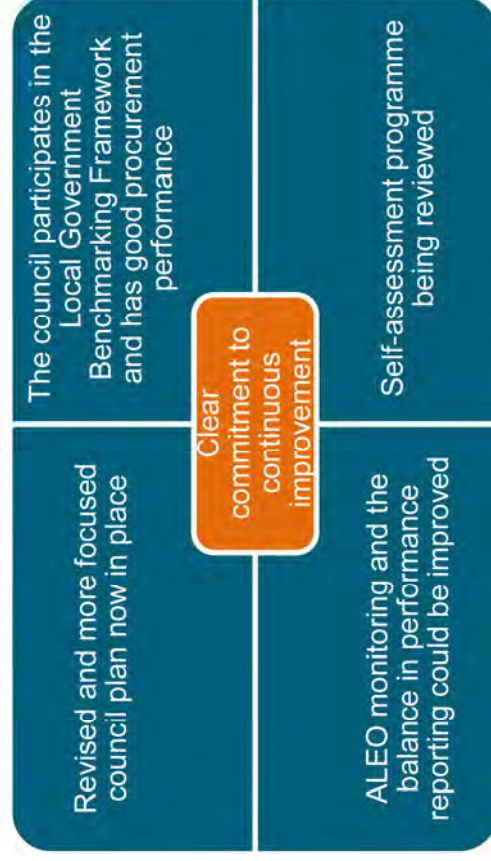
responding to Freedom of Information requests. Some recommendations were made including appointing FOI Coordinators and determining a timescale for completion of improvements to the FOI database, which could increase the amount of information in the council's publication scheme and reduce the number of FOI requests to be answered.

Audit Scotland and will be reported to the Partnership Board in a separate Annual Audit Report for 2015/16 by 30 September 2016.

Integration of health and social care

117. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. The Act provides the framework for the integration of health and social care services in Scotland.
118. The integration scheme for the Partnership was submitted to the Scottish Government by the Council on 16 March 2015. Further revisions were required and the scheme received Cabinet Minister approval and subsequent legal establishment of the Partnership on 27th June 2015. Health and social care functions were not formally delegated to the IJB until 1 April 2016 and 2015/16 was therefore a shadow year.
119. The Board first met on 18 September 2015 and approved the appointment of the Chief Officer and Chief Finance Officer and the Partnership Board membership and scheme. The Strategic Plan was approved and functions and budgets were delegated to the Partnership.
120. The Partnership has produced financial statements for 2015/16 covering the period to 31 March 2016 which have been audited by

Best Value



121. Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. The council should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

Local scrutiny plan

122. The Local Area Network (LAN) of scrutiny partners published the 2016/17 Local Scrutiny Plan in April 2016. This was presented to the Audit, Scrutiny and Petitions Board on 25 April 2016. No scrutiny risks were identified that required additional scrutiny by

the LAN in 2015/16. The council continues to demonstrate a commitment to continuous improvement

123. One of the main reports published by partners was a joint inspection of children's services. At the request of the Renfrewshire Community Planning Partnership (CPP), the Care Inspectorate led a joint inspection of children's services. It differed from previous joint inspections of services to protect children in that it focused on the role of the wider CPP and not just Renfrewshire Council's Child Protection Committee.
124. The report, published in December 2015, commended the work of partners. The inspection measured progress against nine quality indicators. Renfrewshire Council received six 'very good', two 'good' and one 'adequate' grade, which the report described as a very positive result given the scale of inspection.

Self-assessment

125. Over the past few years the council has used a range of tools for self-assessment including Audit Scotland best value toolkits and more recently the Public Service Improvement Framework. A second cycle was completed in 2014 with a third planned for 2016. However, due to the level of restructuring across corporate services (ICT, policy and commissioning, finance), wider policy changes (community empowerment, health and social care integration) and work on key priorities (UK City of Culture Bid, Tackling Poverty, City Deal) no self-assessment exercises were completed in 2015/16.

126. In September 2016, the corporate management team considered arrangements for a long-term self-assessment programme and this will be taken to members for approval later in 2016.

Appendix IV - Action Plan No.6

Procurement

127. Between 2009 and 2014 Scotland Excel carried out procurement capability assessments (PCA) across local authorities to measure performance in a common format. In December 2014, Scotland Excel scored Renfrewshire Council as providing superior performance under its procurement capability assessment at 83%, which was the highest in Scotland; the average was 62%.

128. In 2016 a national working group involving Scotland Excel, other centres of expertise and Scottish Government developed a replacement for the PCA, which is the procurement commercial improvement programme (PCIP); it continues to focus on driving improvement and encouraging the sharing of good practices.

129. The council took part in the 2016 assessments and Scotland Excel reported good performance. The council were given a score of 83% for this year, which places them in the top section.

Following the public pound

Delivering through partnership

130. Increasingly councils deliver services through partnership and arms' length external organisations. Strong governance

arrangements, including regular and proportionate monitoring are key for effective management of public funds.

131. Renfrewshire Council has two significant developments in this area: the Glasgow and Clyde Valley City Deal and transfer of expanded services to Renfrewshire Leisure Ltd (a trust).

132. For City Deal, last year we noted that approval and reporting was to the Leadership Board. In December 2015 members approved the Airport Access strategic business case but to date there have been no monitoring reports.

133. For Renfrewshire Leisure, the transfer of the management and delivery of cultural and leisure services from the council took place over two phases: 1 July 2015 and 1 December 2015. Members approved that performance of Renfrewshire Leisure would now be monitored by the Leadership Board. Council monitoring is undertaken by the Leadership Board via the Head of Strategic Planning & Policy Development, who is not part of Renfrewshire Leisure's board. This is good practice.

134. However, to date we have only seen one report to the Leadership Board, in March 2016, which was not in the public domain.

135. The council advise that a financial monitoring report for City Deal and Renfrewshire Leisure will go to the Leadership Board in September and the first six-monthly monitoring report on Renfrewshire Leisure is due to go to the Leadership Board in November 2016.

Appendix IV - Action Plan No.7

Tackling Poverty

136. The updated council plan has a specific priority “*Reducing the level and impact of poverty*” and £6 million is being invested across a range of over 50 projects. In September 2015, the council approved a Tackling Poverty Strategy and at each meeting of the Leadership Board members have been provided with updates of different aspects of the programme. In June 2016, a one-year progress report was presented to members.

Performance management

137. The council has a well-established performance framework in place where service improvement plans (SIPs) are based on the council plan and incorporate performance outcomes. SIP scorecards continue to be reported to relevant policy board every six months. The council uses a performance management system to monitor progress against actions.

138. In December 2015, members approved an updated council plan. The previous council plan (December 2013) council plan had 170 actions and our 2013/14 report commented that there were no performance measures for all the actions. The updated plan is shorter, more focused on key project e.g. Paisley 2021 City of Culture Bid and includes measures to monitor progress. The measures are part of the SIPs and the corporate management team review progress and performance on a quarterly basis.

139. Our 2014/15 annual report commented that the council plan progress report focused on key positive message and we

considered that the overall balance of reporting could be improved. This year the mid-year update to the Leadership Board in June 2016 again focused on key achievements. A full update of progress (including actual versus target performance measures) on the revised council plan is due to go to the Leadership Board in December 2016.

Housing and council tax benefits performance

140. In June 2015 we completed a follow-up review on our 2012 audit of housing and council tax benefits which found that the council had made commendable progress in addressing risks raised in our report with 23 risks actioned and only 1 outstanding. Our report recognised:

- A clear and comprehensive performance management regime and regular reporting of benefit performance to staff, senior management and members.
- Continuous improvement in new-claimant processing performance from an average of 30 days in 2012/13 to 25 days in 2014/15.
- Improvement in the time taken to process changes of circumstances from an average of 13 days (2013/14) to 8 days in 2014/15.

141. The end of year 2015/16 performance statement notes significant improvement in time taken to process appeals (53 days against a target of 60), and the recovery of debt raised (increase to 83.5%), however the processing time for revisions was over the target.

142. As part of the welfare reform update presented to the Finance and Resources policy board it notes that the level of DHP awarded increased slightly by £0.1 million to £1.95 million but the volume of applications dropped by 25%. Payments from the Scottish Welfare Fund remained similar to the previous year at £1.25 million and the volume of claims awarded decreased by just 3%.

Local Government Benchmarking Framework (LGBF)

143. The council participates in the LGBF and the indicators are included in service improvement plans. The 2015/16 data is currently being collected. The validated 2014/15 data was published by the Improvement Service on 29th January 2016 with key messages on Renfrewshire's performance presented to the Audit, Scrutiny and Petitions' Board in February 2016.

144. Key messages from the report included an improved overall position and examples where Renfrewshire Council is in the bottom quartile. Overall, the council improved its rankings from the previous year and is now in the top quartile for fourteen indicators, in comparison to ten last year and reduced the number of indicators in the bottom quartile from ten to seven in 2014/15. Specific examples include:

- teachers sickness absence - ranking improved from 20 to 12
- energy efficient council dwellings – ranking improved from 22 to 14

- percentage of adults satisfied with leisure facilities: ranking changed from 14 to 6
- proportion of pupils entering positive destinations - performance decreased from 92% to 90.9% and ranking changed from 22 to 28. The reports notes that leavers' destinations would be discussed with schools and individual action plans put in place for each school.

Overview of performance targets in 2015/16

145. SIP outturn reports are provided to the policy boards bi-annually. Some of the reporting deadlines for indicators under the LGBF are not due until November and so the summary position for 2015/16 is not available. However from review of the unaudited SPI return we noted that the council has met 63% of its performance targets.

146. Areas of good or improving performance include:

- The proportion of operational accommodation in satisfactory condition and that is suitable for its current use.
- Percentage of long term care clients receiving intensive home care.
- Percentage of council tax due in the year, collected by the end of the year.

147. Whilst areas for improvement were:

- Street Cleanliness Score - % of areas assessed as clean.
- Carriageway Condition: % of road network considered for treatment

- Current tenant rent arrears as a % of the rent due.

Statutory performance indicators (SPIs)

148. The Accounts Commission places great emphasis on councils' responsibility for public performance reporting. The Commission does not prescribe how councils should report but expects councils to provide citizens with fair, balanced and engaging performance information reporting.

149. For 2015/16 three (SPIs) were prescribed:

- SPI 1: covering a range of information relating to areas of corporate management such as employees, assets and equalities and diversity.
- SPI 2: covering a range of information relating to service performance.
- SPI 3: relates to the reporting of performance information as required by the Local Government Benchmarking Framework.

150. The council has demonstrated that the process is well planned with instructions issued to those preparing and checking the indicators. Internal audit complete a second review on a sample of PIs. In previous years performance indicators were prepared and reported together but from 2013/14 there are different deadlines, with some information not due until November. Full results will not be available until the early 2016.

151. In 2016 the council launched a new website and the front page clearly shows a link to [Information, Performance and Statistics](#),

where there is summary data on 2016/17 Facts and Figures and 2014/15 SPI information. The site will include more recent monitoring reports, but the latest six-monthly SPI report is from May 2015.

Appendix IV - Action Plan No.8

Local performance audit work

152. During 2015/16 we carried out follow-up audit work to identify the progress the council has made on the recommendations made in Audit Scotland's national performance report *Scotland's Public Sector Workforce* which was published in November 2013. As part of our audit we provided an information return to Audit Scotland which highlighted the following points:

- The organisational development plan was approved by the Leadership Board in December 2015 and therefore is only in its infancy. It will take time for the council to embed its key priorities.
- The council requires to design and implement an approach to succession planning. This is a key priority within the Organisational Development strategy.
- The council recently appointed a workforce planning manager who is now preparing workforce plans for services.

National performance audit reports

153. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the

Auditor General for Scotland. During 2015/16, a number of reports were issued which are of direct interest to the council. These are outlined in [appendix III](#). The council has processes in place to ensure that all national reports, and the council's position on recommendations, are considered by members.

Equalities

154. The Equality Act 2010 introduced a new public sector 'general duty' which encourages equality to be mainstreamed into public bodies' core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set. The council met this requirement; on 1 April 2015 the Leadership Board reviewed the Equality Outcomes and Mainstreaming Progress report, which updated members on its progress against its 12 equality outcomes, employee information and gender pay gap information.
155. Currently, the Strategic Planning and Policy Development Team is reviewing the equality outcomes, with an update due to the corporate management team later in the year.
156. Overall, we conclude that the council has a clear commitment to best value through continuous improvement.

Appendix I: Significant audit risks

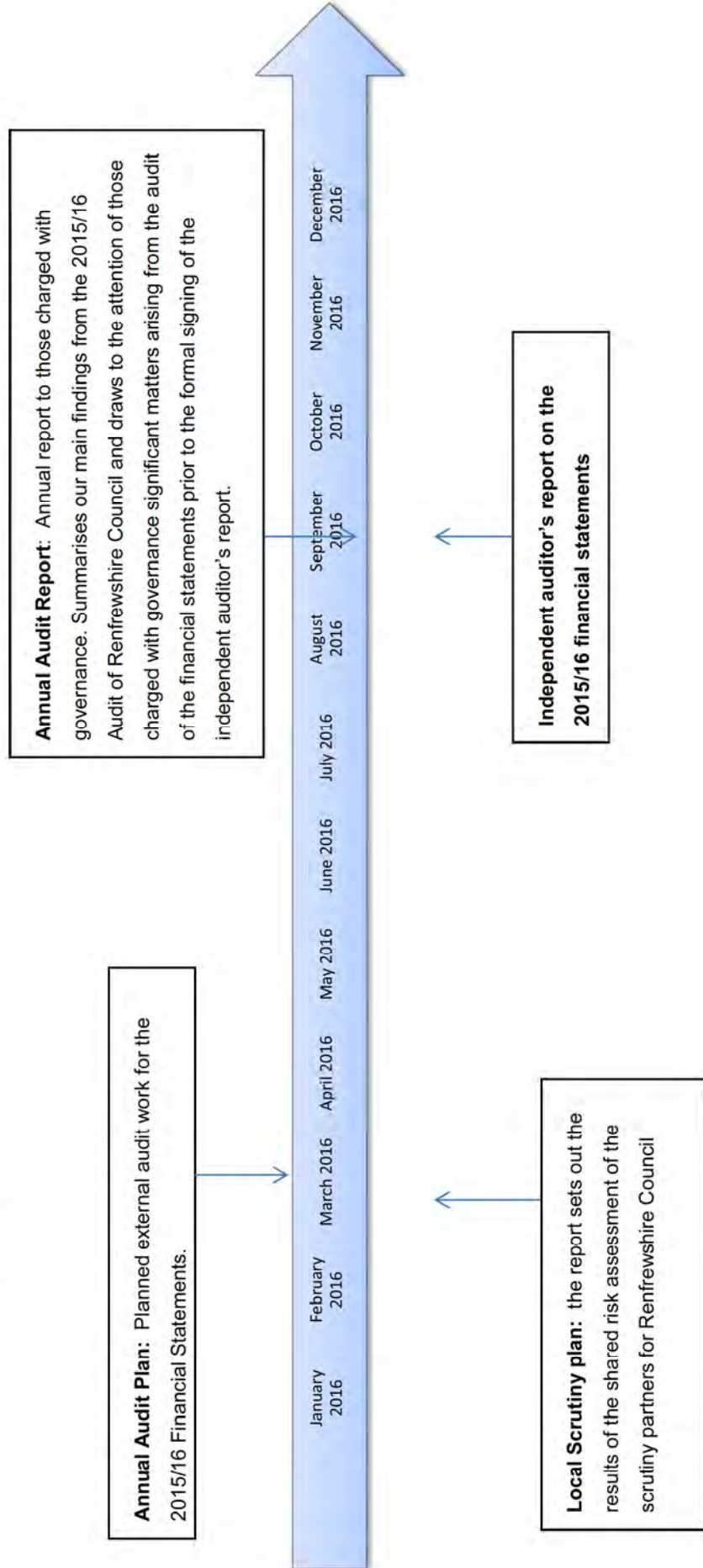
The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

Audit Risk		Assurance procedure	Results and conclusions
Risk of material misstatement			
Pressures on preparing the accounts Due to changes in finance staff preparing aspects of the accounts and others also working on implementing the new ERP system there is a risk the accounts will not be delivered to meet council deadlines, or insufficient working papers be available.		- Meet with finance staff in March to discuss expectations on working papers and review any revised timetable. - Meet with key offices each week during the audit to bring queries to officers' attention early in the audit process. - Review the completeness of submissions in the unaudited financial statements	- We experienced some delays in receiving supporting documentation during the financial statements process due to the high level of staff involvement with corporate projects (ERP), - All documentation was received in time to allow the signing of the financial statements.
Income Renfrewshire Council receives a significant amount of income in addition to Scottish Government funding. The extent and complexity of income means there is an inherent risk of fraud in accordance with ISA240.		- We will substantively test revenue streams to ensure that income has been completely and accurately recorded. - We will review the results of the internal audit work and assess if additional work required.	We tested income across a variety of income streams including Housing Rents, NDR, council tax income and within various service departments and results were satisfactory. We did not identify any evidence of fraud.

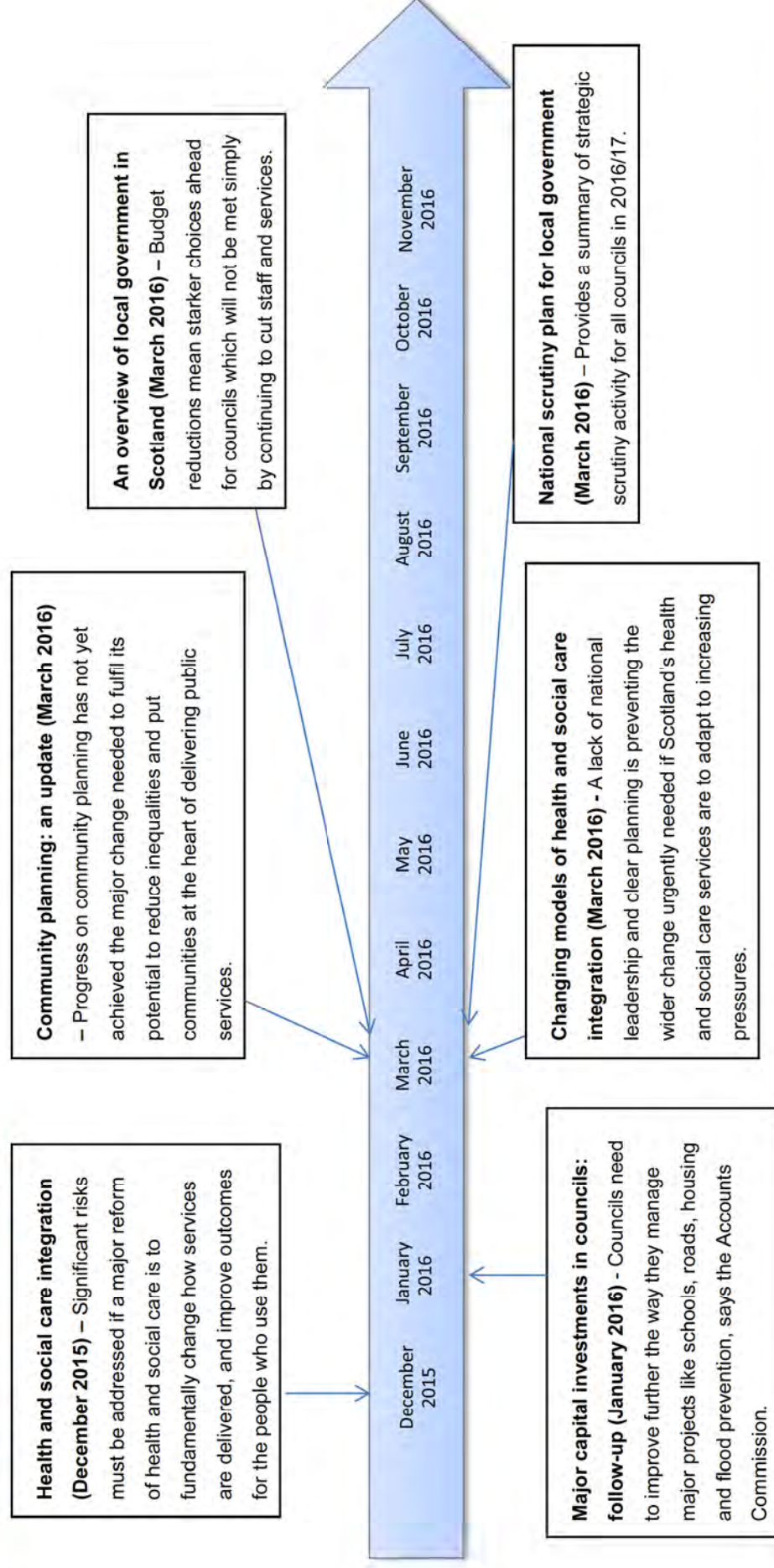
Audit Risk	Assurance procedure	Results and conclusions
Holiday Pay Councils may be liable for 'back-dated' element of holiday pay costs, however there is uncertainty over the potential liability and there is a risk that this may be understated in the financial statements or not adequately disclosed.	- Discussions to be held with Legal services during the financial statements audit. - Assessment of judgements and evaluations made by officers and of the financial liability at 31 March 2016 to ensure completeness and accuracy.	- Reviewed internal audit's findings on External Funding arrangements; results satisfactory. - We discussed the position with Head of Corporate Governance. - We reviewed the provision in the accounts and assessed that the provision is accurate and complete.
Valuations Land, properties and pensions are subject to annual valuation exercises. There is a risk that any subjective judgement/error in the valuations would have a significant impact on the financial statements.	Review the work of the management experts used in these areas to enable us to place reliance on these "management experts" in accordance with ISA 500.	We reviewed the valuation process for Land, properties and pensions and found the process to be robust, with the exception of a significant error in the council house valuation, which has been corrected in the audited financial statements.
Management override of controls As stated in ISA 240, management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating	- Detailed testing of journal entries. - Review of accounting estimates for bias. - Evaluating significant transactions that are outside the normal course of business.	- No unusual or inappropriate transactions were identified as part of detailed testing of journal entries. - A review of accounting estimates did not show any instance of bias. - No significant transactions outside the

Audit Risk	Assurance procedure	Results and conclusions
effectively.		normal course of council business were identified. • Cut-off testing was satisfactory • Our conclusion is that there is no management override of controls at the council.
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
Financial Sustainability Council has approved a balanced budget for 2016/17 and officers currently project a remaining funding gap of up to £6m for 2017/18; however, if savings targets are not met or there are significant changes to assumptions there is a risk to the budgeted position and the ongoing need to deliver savings may have an impact on services and the delivery of strategic priorities.	• Review of detailed budget papers. • Ongoing discussion with council officers. • Review of detail of savings planned and the progress/achievement against these.	• Updates on the Better Council Change Programme were provided to members in year noting proposed actions for key savings areas. • We have recommended that longer-term financial planning is developed at the council.

Appendix II: Summary of Renfrewshire Council local audit reports 2015/16



Appendix III: Summary of Audit Scotland national reports 2015/16



Appendix IV: Action plan

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
1.	31, 33, 34	Changes to 2016/17 financial statements We asked for a number of changes to be made to this year's management commentary to assist with the fair and balanced reporting of outturn against budget and to ensure the management commentary agreed to the financial statements. Renfrewshire Integrated Joint Board commences responsibility for its budget on 1 April 2016. This will have an impact on the council's accounts preparation arrangements. From 2016/17 local authorities will be disclosing Highways Network Asset as a new category within the long-term assets section of the Balance Sheet. Recommendation In the context of the changes above and those identified in CIPFAs Understanding Local Authority Financial Statements, we expect that the format, transparency and processes will be reviewed by senior officers as part of the 2016/17 process of preparing the financial statements	The Council has been preparing for the changes brought about by the commencement of the Integrated Joint Board and the network asset infrastructure valuation changes; and will continue to ensure that both accounting code changes and recommendations made by Audit Scotland are appropriately incorporated into the 2016/17 financial statements.	Head of Finance, due date 31 March 2107

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
2.	32	Renfrewshire Council Trust Funds The year-end balances of the Trust Funds are made up of £30,657 cash balances across the three funds. At recent spending levels the funds will be fully distributed in the next few years, just leaving the Coats Observatory being held by its own trust. There is a risk that community groups will no longer be able to access funding they have been used to receiving over a long period of time or that the funds are no longer appropriate and should be wound-up. Recommendation Officers should review the level of funding/disbursement and put in place a plan for the sustainability or closure of funds over the next few years.	The Council agreed when setting up the Trust Funds in 2010 that once the funds transferred to them were exhausted, that the Funds would be wound up. Committed expenditure will continue to be closely monitored and members will be advised when the remaining funds have been fully allocated.	Director of Finance and Resources 31 March 2017

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
3	79	Developing longer-term financial planning. Renfrewshire Council currently publishes a 1-year budget and high-level financial forecasts. Recommendation A long term financial strategy (> 5 years) should be developed and supported by detailed plans. The plans should be based on scenario planning to identify the potential budget impact on future decisions.	The Council published a financial outlook report for the period 2014/15 to 2017/18. This report will require updating and this is planned to be available for the Council meeting in September 2016. The report will include information with regards key financial risks the Council will face in the medium term; and will again be supported by a longer term strategy which will include strategic financial principles the Council should consider in seeking to mitigate these risks.	Director of Finance and Corporate Services 30 September 2016

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
4	87	Convenor of the Audit, Scrutiny and Petitions Board The convenor of the Audit, Scrutiny and Petitions Board is currently a member of the administration when best practice would be for the convenor to be from the opposition. We recommend that the council review its arrangements on the chairing of this committee as the council plans for the outcome of local government elections in 2017.	The Head of Corporate Governance will raise with the incoming administration the Audit Scotland recommendations on convenor of audit committees after the 2017 local government elections.	Head of Corporate Governance May 2017
5	114	Register of Interest A register of interest has been recently collated for senior officer however this information is not in the public domain. Recommendation Information relating to senior officers interests should be published on the council website and the council should consider extending the scope of the register to other staff.	The Head of Corporate Governance is arranging for the website to be updated with register of interest details. The Council will consider when and if further disclosure is appropriate.	Head of Corporate Governance 31 October 2016 30 June 2017

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
6	126	Self assessment There were no self assessment programmes in 2015/16. With the level of change and financial pressures in the public sector there is a risk that self-assessment stops being part of the culture of the council. Recommendation Plans for self assessment are completed and disseminated to members.	The focus for officers in 2015/16 has been to establish the new business partner framework across corporate services and support key delivery projects under the council plan and change programme. Corporate management team recently reviewed proposals for a long-term self assessment programme which will be taken to members for approval later in 2016.	Head of Strategic Planning and Policy Development 31 December 2016

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
7	134	Monitoring of Renfrewshire Leisure and City Deal There have been no monitoring reports to date on City Deal and only paper on Renfrewshire Leisure was not in the public domain. There is a risk of insufficient monitoring by members on progress of these key partnerships. Recommendation The Leadership Board is updated with progress in the next quarter and reports should be in the public domain.	The issue is one of timing. Members approved in December 2014 that monitoring would be through the Leadership Board. Now the transfer has taken place, as planned, the first six-monthly report will go to Leadership Board in November 2016. Officer monitoring of Renfrewshire Leisure is now every quarter by the Head of Policy and Commissioning, who is independent of RL. Financial monitoring report on City Deal and Renfrewshire Leisure will be issued in September 2016.	Head of Strategic Planning and Policy Development 30 November 2016

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
8	151	Performance Information on Council Website The new council website provides summary data on 2016/17 Facts and Figures and 2014/15 SPI information however latest six-monthly SPI report is from May 2015. Recommendation The website should be updated with the most recent SPI information and arrangements put in place for it to be updated on a regular basis.	The website will be updated with current SPI data and arrangements put in place for it to be updated on a regular basis.	Head of Strategic Planning and Policy Development 31 December

Renfrewshire Council

Audited Accounts

2015–2016



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Introduction

This commentary outlines the objectives, strategy and financial performance of the Council over the 2015-2016 financial year, and also provides an indication of issues and risks which may impact the financial performance of the Council in the future.

Principal Activities

Renfrewshire Council was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996. The Council provides local authority services to the approximately 170,000 residents of Renfrewshire. Renfrewshire has a mixed geography with many villages complementing the three main towns of Johnstone, Paisley and Renfrew. The Council provides a wide range of public services such as nursery, primary and secondary education, social services, environmental services, council housing and economic regeneration. Adult social care services were integrated with health services during 2015-2016 under the Renfrewshire Health and Social Care Partnership, with the Partnership formally taking responsibility for delivering these services from 1 April 2016.

The Council has forty councillors, elected every five years to represent the interests of the local community. The management of the Council is lead by the Chief Executive, Sandra Black. The management structure of the Council is divided into five departments – Childrens' Services, Community Resources, Development and Housing Services, Finance and Resources and the Chief Executive's Service. Leisure and culture services within Renfrewshire are provided by Renfrewshire Leisure Limited, an arms' length organisation which delivers sport, leisure and cultural services including museums and libraries on behalf of the Council.

Objectives and Council Strategy

The Council and its community partners aim to achieve the objectives agreed in the Renfrewshire Community Plan, with the overriding vision of *"Working together to make Renfrewshire a fairer, more inclusive place where all our people, communities and businesses thrive"*. Performance against the Plan outcomes and objectives is monitored by the Community Planning Partnership Board, chaired by the Leader of the Council. The specific responsibilities and actions the Council will undertake to support the delivery of the Community Plan are detailed in the Council Plan. Both these documents are available on the Council website: www.renfrewshire.gov.uk.

The Council Plan "A Better Future, A Better Council" was refreshed in December 2015, and the Plan outlines ten priorities for the Council over the period to 2017. Progress and performance for each priority will be reported to the Council meeting in December 2016. The Renfrewshire Single Outcome Agreement (SOA) is the action plan for the delivery of the Community Plan, and again the SOA can be found on the Council website. The SOA outlines the key national outcomes the Council and its partners are committed to delivering.

Service Improvement Plans (SIP) for each of the Council departments are also agreed annually, detailing how each service will support and deliver the aims and objectives of the Council and Community Plan. Performance against SIPs is regularly reported to the Council's Policy Boards, the main scrutiny and decision making committees within the Council.

Public Performance Reporting

Renfrewshire Council publishes a range of performance information to allow interested stakeholders to assess how the Council is performing. In addition, the Council supports the publication of performance information through the Local Government Benchmarking Framework (<http://www.improvementservice.org.uk/benchmarking/>). Full details of the Council's performance can be found at the "It's All About You" pages on the Council website.

Annual Budget 2015-2016

The Council approved the budget for 2015-2016 on 12 February 2015 (minutes of the meeting are available on the Council website). The Council agreed to invest in the regeneration of cultural and heritage assets as a driver for economic development; further investment in services to the unemployed and businesses; and further measures to Tackle Poverty; whilst also agreeing a freeze on council tax levels for the eighth year running (Band D council tax in Renfrewshire is £1,165).

The Council further agreed in relation to the Housing Revenue Account (HRA), a 3.5% rental increase for 2015-2016. The Council also agreed to maintain earmarked HRA reserves to support a series of measures to support tenants mitigate the impact of welfare reform measures,

Capital investment in non-housing assets of £97 million over 2015-2016 to 2017-2018 was agreed, of which £77 million would be funded by the Council, with the balance being funded by government grant. Capital investment of £45 million in council housing over 2015-2016 to 2017-2018 was also agreed, allowing the Council to continue to improve the condition of housing stock following the previous substantial investment related to achieving the Scottish Housing Quality Standard; and also to build in excess of 200 new houses over the period of the plan.

Financial Performance

Revenue

On 12 February 2015 the Council approved the 2015-2016 Revenue Estimates designed to build further on its commitments to invest in the economy, jobs and education; and support the most vulnerable in Renfrewshire through significant new resources directed to tackling poverty and inequalities, including £3.000 million additional resources relating to Tackling Poverty, doubling the resource previously agreed to £6.000 million. A further £7.114 million was committed to economic regeneration plans including investment in Paisley's heritage assets. As detailed in Note 11, during 2015-16 the Council drew £10.516 million from and contributed £13.040 million to both ring-fenced and unallocated General Fund balances to support services across Renfrewshire.

The Comprehensive Income and Expenditure Account summarises the total costs of providing Council services and the income available to fund those services. The General Fund is funded by government grant and council tax revenues and the Movement in Reserves Statement shows a surplus of £2.524 million which represents an underspend of £1.850 million for the year against the budgeted surplus of £0.674 million.

A summary of the outturn position against the agreed budget is shown below:

	Budget	Actual	Variance
	£m	£m	£m
Employee costs	232.4	227.1	(5.3)
Payments to other bodies	41.3	38.8	(2.5)
Other costs	300.3	314.4	14.1
Total Expenditure	574.0	580.3	6.3
Revenue Support Grant	(211.7)	(211.7)	-
Council Tax Income	(65.6)	(66.1)	(0.5)
Non Domestic Rates Income*	(102.9)	(103.0)	(0.1)
Other Income	(194.4)	(202.0)	(7.6)
Total Income	(574.6)	(582.8)	(8.2)
Contribution to Reserves	(0.6)	(2.5)	(1.9)

*The Council was due £102.9 million of non-domestic rate income from the Scottish Government as its share of the national pool. The Council collected £93.2 million directly from local businesses with the remainder of £9.7 million (2014-15 £21.9 million) payable from the Scottish Government.

The outturn for the General Fund reflects favourably on the management of the Council's overall finances in what again has been a challenging year.

The £1.850 million balance outlined above reflects underspends and additional income achieved across a range of services due to effective budget management by Directors. The outturn position also includes an over-recovery of £0.540 million in Council Tax income, which reflects in year collection performance for 2015-2016 of 96.0%, equal to the highest performance level ever achieved by the Council.

Combining the surplus with the accumulated General Fund balance brought forward from 2014-2015 of £58.854 million, produces a cumulative working balance of £61.378 million to be carried forward to 2016-2017. Of this balance, £54.365 million has been earmarked for a particular purpose as outlined in Note 11. This leaves a balance of £7.013 million of unallocated reserves (1.8% of the Council's net annual running costs) which is broadly in line with the Council's financial planning assumptions.

Housing Revenue Account

The Housing Revenue Account balance reduced by £0.4 million in the year related to agreed support for tenants affected by Welfare Reform. The Council has continued to maintain earmarked reserves agreed in 2012-2013 to put in place a range of additional measures to support tenants affected by housing benefit and other changes arising from the Welfare Reform agenda. As at 31 March 2016, £3.432 million of the originally earmarked £5 million remains available for this purpose.

Trading Operations

All trading operations are "non-significant" according to the relevant regulations and as such the trading accounts are not required to be disclosed, however trading accounts are produced for management purposes and are therefore provided for information.

Building Services achieved a surplus for the year of £0.587 million, while Roads Services achieved a surplus for the year of £0.133 million. Catering and Vehicle Maintenance trading operations achieved surpluses of £0.457 million and £0.514 million respectively. The overall surplus on all trading operations for the year of £1.691 million was £0.142 million more than the planned surplus of £1.549 million. The surplus for the year from the trading operations has been added to General Fund balances, with the exception of the Building Services surplus which was split between the General Fund and the Housing Revenue Account balance in line with agreed Council policy.

Capital

The Council continues to make significant capital investment in the council housing, schools, leisure, community and town centre estate. On 12 February 2015 the Council approved capital investment programmes for 2015-2016 of £66.562m. These programmes have been re-profiled during the year to reflect the planned expenditure timescales of individual projects or where project completion dates have been delayed, resulting in actual capital spend for the year of £47.438million. During 2015-16 the Council invested £13.458 million in council dwellings. Investment in the schools and leisure estate totalled £12.688 million, while the Council also invested £11.156 million in roads infrastructure and flooding measures, £2.213 million in vehicles, £3.511 million in lifecycle maintenance of council buildings and £0.881 million in ICT equipment and infrastructure. The Council has also begun work on the three City Deal projects which the Council is leading – the Glasgow Airport Investment Area, the Airport Access Project (a joint project with Glasgow City Council) and the Clyde Waterfront and Renfrew Riverside project. A total of £274 million project funding has been agreed with contributions from HM Treasury, the Scottish Government and the Council itself, with projects due to be delivered over the coming decade.

Total capital funding available was £57.076 million as outlined in Note 18. Of the funding available, £4.414 million was sourced from revenue, £26.411 million from government grants and other contributions, and £4.484 million from asset sales. The balance of funding was provided by utilising internal cash balances and borrowing in line with both the Council's sustainable capital investment plans and the medium term debt smoothing strategy which is explained in further detail below.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Notes 34 and 35. The appointed actuaries have confirmed an improvement of £104.362 million in their assessment of the actuarial deficit position of the local government pension fund. This movement is the net outturn from reduced liabilities linked to a higher real discount rate as at 31 March 2016 than the previous year.

The assessment provides only a snapshot as at 31 March 2016 and necessarily changes on a day-to-day basis to reflect stock market movements in particular. The appointed actuaries remain of the view that the asset holdings of the Strathclyde

Pension Scheme and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

Impact on Asset Valuation

The Code requires non-current assets carried in the balance sheet at fair value are revalued at intervals of no more than five years. The current economic climate has resulted in more volatile asset values and in recognition of this, both financial assets and property assets have been reviewed to take account of any material reductions in value. In assessing the value of council housing, valuers take account of the local rental market conditions.

Borrowing and the Prudential Framework

In line with the agreed Treasury Strategy for 2015-2016, the Council undertook no additional long term borrowing during the year, whilst maturing loans amounting to £6.7m were repaid. No refinancing of these loans was necessary and the level of cash balances available to the Council remains consistent with daily cash requirements, treasury and capital plans.

The borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. The majority of the Council's borrowing comes from the Public Works Loan Board with the remainder from market and other loans. Further details are provided at Note 27.

Supporting the Council's medium term financial planning, a debt smoothing process continues to be implemented which will ensure the Council's debt profile remains appropriate and sustainable over the medium to longer term. This process involves the planned repayment of debt over the medium term as part of the Council's planned budget and treasury management strategies.

The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council sets its capital financing requirement (CFR) for the forthcoming year, most recently on 17 December 2015. The CFR is a prudent assessment of the aggregate external borrowings for capital investment purposes that are affordable and sustainable over the longer-term. The actual CFR at 31 March 2016 was £357.9 million, which is within the approved limit of £365 million. The Council's external borrowings have only been applied for capital investment purposes, with the Council's net external debt being £301.3 million at 31 March 2016 compared to the operational boundary of £365m. The Council's costs of borrowing remain consistently one of the lowest of all Scottish local authorities; are affordable; and match the Council's medium to long-term financial strategy. The Council's non-housing financing costs are 5.4% as a proportion of the Council's non-housing net revenue stream. Housing related financing costs are 46%, within the planned limit of 49%.

Public Private Partnerships

The Council entered into a Public Private Partnership for the provision of educational buildings and maintenance thereof. This agreement has provided the Council with replacement buildings such as pre-five nurseries, primary and secondary schools and community education premises. The provider is required to ensure the availability of these buildings to a pre-agreed standard. During 2015-2016, £15.964 million was paid to the contractor under the terms of the agreement. As part of the agreed long term funding arrangement for the project, the Council has also ring fenced £12.670 million of its General Reserve balance which will be utilised to support the ongoing payment of the unitary charge due in the final five years of the PPP contract when government grant support expires. In setting the budget for 2016-2017, the Council has again agreed to temporarily suspend further annual contributions to this reserve in line with its medium term financial plan. It is anticipated the Council will consider recommencing the annual contribution once growth in government revenue support grant re-emerges.

Provisions, Contingencies and Write-offs

The Council has provided for eventualities which may have a material effect on the financial position of the Council. The reasons for the provisions made are outlined in Note 26. In general, any contingent liabilities known to the Council are covered by insurance arrangements. As outlined at Note 11, the Council has also earmarked £54.365 million for specific purposes.

The Council continues to manage the risks associated with equal and holiday pay legislation and regularly assesses the potential exposure of the Council in the context of any changes emerging as a consequence of legal precedent, progress

achieved by the Council in handling specific claims and the associated wider implications on the Council's overall risk profile. In line with this ongoing process of re-assessment of risk, the Council has reduced the level of provision. There were a number of immaterial write-offs during the year which were approved by the relevant Policy Board or the Director of Finance and Corporate Services under delegated authority.

Key Financial Ratios

The following table provides information regarding the financial performance of the Council in 2015-2016, and the affordability of its ongoing commitments.

Financial Indicator	Commentary	2014-2015	2015-2016
Reserves			
Uncommitted General Fund reserves as a proportion of budgeted net expenditure	Reflects the level of funding available to meet unplanned expenditure and manage financial risk. The Council has agreed this balance should not fall below £7 million.	2.1%	1.9%
Movement in uncommitted General Fund balance	Reflects the extent to which the Council is using uncommitted reserves. The investment of uncommitted reserves was agreed as part of the 2015-2016 budget setting.	(15.5)%	(9.7)%
Council Tax			
In-year collection rate	Reflects the Council's effectiveness in collecting council tax debt	96.0%	96.0%
Council tax income as a proportion of total taxation and non-specific grant income	Reflects the Council's ability to vary expenditure by raising council tax, the principal local authority controlled source of finance. Council tax has been frozen since 2007-2008.	16.4%	16.6%
Debt/Long term borrowing			
Capital Financing Requirement (CFR)	The information in this section demonstrates that external debt levels are within prudential parameters, and that the level of borrowing is affordable. Further information is available in the Treasury Management Annual Report as agreed by Council on 22 June 2016.	£367.6 million	£357.9 million
External debt		£310.6 million	£301.3 million
Ratio of financing costs to net revenue stream (General Services only)		7.8%	5.4%

Renfrewshire Council publishes a wide of financial and non-financial performance information. The "It's All About You" performance report is published annually and provides a summary of our performance against a range of key indicators. In addition, the **Council Performance** section of our website provides information about our council performance, showing if we're on target; noting if we've improved in the past year; and explaining our performance. The Local Government Benchmarking Framework provides further information with regards how the Council has performed relative to other Scottish councils – this information can be found at the following website – www.scotland.myllocalcouncil.info

Financial Outlook and Key Risks

Management of Treasury Risk

Over the course of 2015-2016 the fundamental issues with regards the stability of the European banking system, particularly in relation to the debt position of Greece and a possible exit from the Eurozone remain unresolved. In the UK, market expectation for an increase in the Bank Rate moved back considerably from Q3 2015 to potentially Q2 2018 due to many fears around the slow down in the growth of the Chinese economy, the collapse of the oil price and Eurozone concerns. The year was characterised by volatility in both the equity and bond markets. The Council continues to mitigate the risks associated with security of cash deposits by actively considering debt restructuring as opportunities arise, however changes in the rules around PWLB restructuring and the costs involved now severely limit these opportunities. The Council also continually reviews in consultation with our treasury advisors the criteria for placing deposits with financial institutions on the Council's approved counterparty list, making use of immediately accessible deposit facilities and also making continued use of the Debt Management Account Deposit Facility operated by the Debt Management Office within HM Treasury. In addition, as part of the Council's treasury strategy, the Council continues to utilise internal cash balances, deferring external borrowing requirements with the dual objective of reducing the level of cash deposits held by the Council, whilst generating ongoing savings in overall net interest costs. This strategy is kept under careful review in order that the Council retains sufficient cash balances to support its ongoing and future requirements, and remains alert to any anticipated adverse movement in future borrowing rates.

Key Financial Risks and the Reform Agenda

The period of reduction in the overall level of UK public sector expenditure is anticipated to extend throughout the term of the current UK Parliament. While the comprehensive spending review published in November 2015 outlined an increase in revenue spending in cash terms, in real terms a reduction is still anticipated. This was an improvement from the previous position outlined in the July 2015 budget, and results in an additional £1 billion of funding being made available to the Scottish Government by 2019-2020.

However, the local government grant settlement for 2016-2017 (only a single year settlement being announced) was significantly worse than any expectations across Scottish councils and represented the greatest ever direct cut to the local government budget. Renfrewshire was delivered a like for like reduction in funding of 3.4%, which was in excess of the Council's financial planning assumptions. The timing of the announcement also left the Council little time to respond, however a balanced budget position moving into 2016-2017 was agreed reflecting well on the budget decisions taken to date by the Council as part of addressing the medium term savings requirement facing the Council.

It is hoped that the Scottish Government will provide a multi-year settlement for 2017-2018 onwards in order to allow the Council to develop sustainable financial plans over the medium term. It is however anticipated that the Council's grant position is highly likely to further reduce given Scottish Government policy commitments to grow and protect in real terms the budgets relating to the NHS and policing. Each 1% cut to the Council's grant represents a £3 million loss in resource, therefore a continuation of the level of cut received in 2016-2017 would add in the region of £9-12 million of additional budget pressures annually.

Service and cost pressures arising from demographic and socio-economic factors continue to play a major role in driving spending pressures for the Council, particularly in relation to adult social care services, now delivered by the Renfrewshire Health and Social Care Partnership (RHSCP). A key strand of the Council's medium term financial strategy is to progress in partnership with the RHSCP a range of demand-management workstreams which mitigate these pressures through a commitment to service redesign, supporting early intervention and prevention for older peoples and early years client groups. As well as mitigating long term cost growth, these measures are focused on delivering better long term outcomes for clients and their families.

The impact of Welfare Reform continues to be felt, with both the Scottish Welfare Fund and Discretionary Housing Payments continuing to experience high demand, reflecting the financial pressures felt by households. The Council along with key partners remains committed to supporting residents prepare for and manage the impact of changes for themselves, their families and communities. The Tackling Poverty Commission instigated by the Council made a range of recommendations for the Council and its partners to take forward to tackle the impact of poverty, especially child poverty, across Renfrewshire; and an action plan and strategy around these recommendations has been developed. A total funding package of £6 million has

been agreed by the Council to support the programme, which includes approximately 50 projects now being delivered which provide direct support to citizens and which are both sustainable and evidence based.

In the face of these challenges, the Council continues to proactively invest in a range of measures to stimulate the local economy and improve the lives of residents. In August 2014 the Council agreed a range of significant investments under the Glasgow and Clyde Valley City Deal programme. Over the next 10 years the City Deal will deliver £1.13 billion of public sector investment in infrastructure in the region, generating 29,000 new jobs. Particular to Renfrewshire, the ongoing regeneration of areas of the Clyde Waterfront and the investment area around Glasgow Airport along with improved road and rail access, will deliver sustained economic growth and improved employment prospects across Renfrewshire's communities.

The Council has also committed significant funds to invest in Heritage and Cultural assets and events as a driver for economic growth, with planned investment in Paisley Museum and a range of other heritage assets being key to delivering sustainable economic growth. The agreement of a UK 2021 City of Culture bid underlines the Council's intent to utilise culture and heritage as a driver for economic regeneration.

The principles agreed in the Council's medium term financial strategy continue to provide a clear framework to guide the strategic planning and management of the Council's financial resources, viz:

- an ongoing commitment to efficiency and modernisation of service delivery being delivered through the Better Council Change Programme
- an aim to maximise income, grow its tax base and attract external funding
- investment is prioritised to support Council priorities including tackling poverty, economic regeneration, service transformation and early intervention/ prevention, including lifecycle maintenance to protect past investment
- new borrowing is capable of repayment on a sustainable basis and overall debt levels are contained within affordable parameters
- the Council's core budget is not underwritten by the use of general reserves or speculative capital receipts
- Council reserves are maintained at a level which provides financial resilience to the Council and the core services it provides.

Service Changes and Future Developments

The Scottish Parliament in February 2014 passed the Public Bodies (Joint Working) (Scotland) Act 2014, which had significant implications for both local government and the NHS in Scotland. In summary, the key changes were the integration of all adult community health and social care services (as a minimum) within either a Partnership or a lead agency with effect from 1 April 2015. On 26 February 2015 the Council approved an Integration Scheme which outlined the proposed operation of the Renfrewshire Health and Social Care Partnership and its governance arrangements. This Scheme has now been approved by the Scottish Government and an order to establish the Integrated Joint Board came into effect from 27 June 2015. The Partnership operated in "shadow" form over the course of 2015-2016, becoming fully operational on 1 April 2016. The Partnership has its own governance arrangements, and will produce its own annual accounts.

The Council also agreed in December 2014 to expand the remit of Renfrewshire Leisure to provide all cultural, leisure and sports facilities on behalf of the Council with effect from 1 July 2015. A range of cultural, halls, museums and library services are now delivered by Renfrewshire Leisure on behalf of the Council, the transfer of services taking place on phased basis over the course of 2015-2016.

The Renfrewshire Council Group

Local authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council with three subsidiaries - Renfrewshire Leisure Limited (a registered charity and company limited by guarantee formed to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire); the Common Good Funds; and the charitable trusts. The Group Accounts also consolidate the Council's share of five other entities treated as associates or joint ventures - Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee, Renfrewshire Valuation Joint Board, Renfrewshire Integrated Joint Board and Park Lane Developments (Renfrewshire) Limited Liability Partnership.

Further information on the activities and services offered by Renfrewshire Leisure Limited can be obtained from their website www.renfrewshireleisure.com.

Charitable Funds

The Code prescribes that where a Common Good Fund (or other trust fund) is a registered charity, it should follow the financial reporting requirements of the Office of the Scottish Charity Regulator (OSCR). Where a fund is not a registered charity, then the requirements of the Code apply.

The Council administers the Common Good Funds for the areas of Paisley, Renfrew and Johnstone. Each of these Funds is a registered charity. In addition the Council controls a small number of charitable trusts.

In order to comply with the Code, Audit Scotland and OSCR requirements, the Council separately prepares the financial statements of the three Common Good Funds and the registered trusts, with the balances included in the Group Accounts. Audit Scotland is the appointed auditor for the Council's charitable funds.

Overall, the Common Good Funds achieved a combined surplus of £0.146 million that is added to the previous surplus brought forward. The total net asset value decreased by £0.097 million, with investments decreasing by £0.954 million, linked to volatile equity market conditions. The annual accounts of the Common Good Funds and charitable trusts are available on the Council website.

The effect of all group entities in the Group Balance Sheet is to increase both the "net assets" and "total reserves" by £44.307 million, representing the Council's share of the net asset in these entities.

Conclusion and Acknowledgements

We would like to acknowledge the significant effort required to both produce the annual accounts and successfully manage the finances of the Council; and to record our thanks to both the Finance and Resources team and colleagues in other services for their continued hard work and support. Further information on the annual accounts or on the Council's general finances can be obtained on the Council website (www.renfrewshire.gov.uk), by telephone (0141-618-7363) or by visiting the Customer Service Centre at Renfrewshire House.

Cllr Mark Macmillan
Leader of The Council
29 September 2016

Sandra Black
Chief Executive
29 September 2016

Alan Russell CPFA
Director of Finance and Resources
29 September 2016

Scope of Responsibility

Renfrewshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Council's members and the corporate management team are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) framework; Delivering Good Governance in Local Government. A copy of the Local Code is available on our website www.renfrewshire.gov.uk

This statement explains how Renfrewshire Council has complied with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirements for an annual Governance Statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives set out in the Council plan.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework

The main features of our governance arrangements are described in the Local Code but are summarised below:

- The overarching strategic vision and objectives of the Council are detailed in the Council Plan. The refreshed Council Plan was approved by Council in December 2015, and sets out the Council's ambitions and priorities, for the following 18 months, including the delivery of major investment priorities arising from City Deal and the City of Culture 2021 bid. The Better Council change programme continues to support the delivery of the Council Plan to identify, manage and deliver changes across the Council that will improve our efficiency, modernise our ways of working and support long term financial sustainability as well as delivering savings.
- The key outcomes the Council is committed to delivering with its partners, are set out in the Community Plan and Local Improvement Outcome Plan.
- The Council operates within an established governance framework which incorporates a scheme of delegated functions, financial regulations, standing orders relating to contracts and procedural standing orders. These elements of the framework are kept under review by the council, with the scheme of delegation and the financial regulations being the most recently reviewed in September 2015.
- The Council facilitates policy and decision making through a policy board structure. The Council's scheme of decentralisation allows for the five statutory Local Area Committees to distribute their delegated resources in accordance with community need identified in their respective local action plans and community plan key priorities.
- Services are able to demonstrate how their own activities link to the Council's vision and priorities through their service improvement plans. Performance management and monitoring of service delivery is reported through policy boards regularly. The Corporate Management Team monitors a quarterly scorecard of performance information. The Council regularly publishes information about its performance, e.g. "It's all about you", a publication outlining the performance of the Council published annually.
- The Council has adopted a code of conduct for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members. In addition, the Council has in place a protocol on member/officer relations and an inter-party protocol which is currently being reviewed.

- The Council's approach to risk management is set out in the risk management strategy and is well embedded with a corporate risk register supported by service risk registers. Risks are reported regularly to policy boards.
- The Director of Finance and Resources is the Council's Senior Information Risk Owner and information risk is monitored through the Information Management and Governance Group and its sub-groups.
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development.
- This governance framework has been in place at Renfrewshire Council for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

The system of internal financial control

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. The system includes:

- Guidance on financial management supported by comprehensive financial regulations and codes,
- Comprehensive budgeting systems, and detailed guidance for budget holders,
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts,
- Setting targets to measure financial and other performance,
- The preparation of regular financial reports that indicate actual expenditure against the forecasts,
- Clearly defined capital expenditure guidelines,
- As appropriate, formal project management principles.

Review of effectiveness

Renfrewshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness of the framework is informed by the work of the Corporate Management Team who have responsibility for the development and maintenance of the governance environment, the Chief Auditor's annual report, and reports from the external auditors and other review agencies and inspectorates.

The effectiveness of the governance framework is reviewed annually by the Corporate Management Team, including the use of a self-assessment tool involving completion of a 32 point checklist covering four key areas of governance:

- Service Planning and Performance Management
- Internal Control Environment
- Budgeting, Accounting and Financial Control
- Risk Management and Business Continuity

This self-assessment indicated the governance framework is being complied with in all material respects.

In addition, the review of the effectiveness of the governance arrangements and the systems of internal control within the group entities places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

The Council has a Local Code of Corporate Governance which is reviewed annually including reviews of the scheme of delegation, standing orders relating to contracts and procedural standing orders. This review was most recently carried out in March 2016.

Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services. The Council's Chief Auditor has responsibility to review independently and report to the Audit, Scrutiny and Petitions Board annually, to provide assurance on the adequacy and effectiveness of the Local Code and the extent of compliance with it. The Audit, Scrutiny and Petitions Board performs a scrutiny role in relation to the application of the Local Code of Corporate Governance and regularly monitors the performance of the Council's internal audit service.

The internal audit service operates in accordance with the Public Sector Internal Audit Standards and reports to the Audit, Scrutiny and Petitions Board, and Audit Panel. Internal Audit undertakes an annual programme of work, approved by the

Audit, Scrutiny and Petitions Board, based on a strategic risk assessment. The Chief Auditor provides an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control.

It is our view that the Council has in place a sound system of governance, risk management and internal control and that appropriate mechanisms are in place to identify any areas of weakness. This is corroborated by an Annual Assurance Statement prepared by the Chief Auditor stating that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's governance, risk management and internal control framework.

Significant governance issues and improvements

The Council continues to recognise the need to exercise strong financial management arrangements to manage the financial pressures common to all local authorities. Regular reviews of the Council's arrangements are undertaken by Internal Audit and overall the Council's arrangements are sound.

Previously, internal audit identified a number of improvement actions that were required in relation to the application security controls in operation over the education information management system. Management took prompt action to engage with the supplier to take forward the recommendations made to mitigate the identified risks and all actions within the control of the Council have now been implemented.

The Council has undergone a period of significant change in recent years. Reviews within the internal audit planned programme of work have identified that in some cases these changes have had an effect on the system of internal control with roles and responsibilities in certain areas requiring to be clarified. Improvement areas were also identified in relation to the processes in place for payment and checking of certain social care payments to ensure that payments were timely and expenditure was accurate, management has agreed to implement the required actions. Agreed improvement actions are also being taken forward to confirm the validity of Non-Domestic Rates reliefs on a programmed basis.

The Council has implemented a self assessment/evaluation framework which enables services to identify strengths and areas of improvement. This along with other well established frameworks such as "How good is our school?" ensures that the Council has a comprehensive self evaluation framework in place for all services. The self assessment framework is currently under review.

The officers' register of interests is currently being reviewed, in line with the recommendations made by the external auditors'.

The Council welcomes the approach taken by external inspection agencies, through the Local Area Network to develop comprehensive annual Local Scrutiny Plan which is proportionate and based on risks identified. The Local Scrutiny Plan for 2016-2017 concluded that the "no scrutiny risks have been identified which require specific scrutiny".

During 2015-2016 the Council expanded the remit of Renfrewshire Leisure to establish a Leisure and Cultural Trust from 1 July 2015. The necessary due diligence has been undertaken by the Council and Renfrewshire Leisure Ltd.

Under the Public Bodies (Joint Working) (Scotland) Act 2014 the Council delegated all social care services for adults and older people to the Health and Social Care Integration Joint Board (IJB). The Integration Scheme formalising the partnership between the Council and Greater Glasgow and Clyde Health Board was approved by the Scottish Government and the IJB was formally constituted on 27 June 2015. Detailed governance arrangements have been approved by the IJB. The Council and the IJB has undertaken the necessary due diligence and Internal Audit has provided independent assurance to the Council and the IJB on the due diligence process undertaken.

Statement on the Role of the Chief Financial Officer in Local Government

The Chief Financial Officer in a public service organisation:

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;

- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

The Council considers that it complies with the above statement.

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2015-2016 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Cllr Mark Macmillan
Leader of The Council
29 September 2016

Sandra Black
Chief Executive
29 September 2016

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No. 2011/64) amend the Local Authority Accounts (Scotland) Regulations 1985 (SI No 1985/267) and requires local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

All information disclosed in sections three to five and seven to eight in this Remuneration Report will be audited by the council's appointed auditor, Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

1. Remuneration policy for the Leader of the Council, the Provost and senior councillors

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Provost (or civic head) are set by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2008. The salary for the Leader of the Council in 2015-2016 was £33,454 per annum (£33,123 in 2014-2015) and the salary for the Provost was £24,897 per annum (£24,650 in 2014-2015).

In terms of the same Regulations, the Scottish Government permits Renfrewshire Council to nominate up to fourteen senior councillors (in addition to the Leader of the Council and the Provost), whose salaries in aggregate must not exceed a specified amount, in 2015-2016 being £292,716 per annum; and whose salaries individually must be on a specified scale, in 2015-2016 £16,726 to £25,090. In December 2012 the Council approved that Renfrewshire would have twelve senior councillors: eight Policy Board Conveners (paid £24,897 per annum in 2015-2016); three Regulatory Board Conveners (paid £20,568 in 2015-2016); and one Leader of the Opposition (paid £20,568 in 2015-2016).

2. Remuneration Policy for Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. The salaries of the Corporate Directors and Heads of Service are based on a spinal column point model as agreed by the Finance & Resources Policy Board on 14 May 2014. A number of changes to the Council's senior management structure were agreed by the Leadership Board on 18 February 2015. A full review of the pay and grading model will be carried out 2016-2017 in line with the Council's Organisational Development Strategy. Senior employees receive no other benefits.

In line with all local government employee groups, senior employees received a 1.5% pay award in 2015-2016.

3. Remuneration of Senior Employees

The regulations define a senior employee as any employee who meets one or more of the following criteria:

- who has responsibility for the management of the local authority to the extent that the person has power to direct or control the major activities of the authority whether solely or collectively with other persons.
- who holds a post that is politically restricted by reason of section 2(1)(a), (b) or (c) of the Local Government and Housing Act 1989.
- whose annual remuneration, including any annual remuneration from a local authority subsidiary body is £150,000 or more.

The Council has interpreted the above criteria as including the Chief Executive, Directors and the Chief Executive of any subsidiary bodies.

The term "remuneration" means gross salary, fees and bonuses, allowances and expenses and compensation for loss of office. The table below outlines the remuneration details for senior employees, including prior year figures. The table shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2015, whether or not those amounts were actually paid to, or received by, those persons within that period.

Annual Accounts 2015-2016 Remuneration Report

2014-15		Senior employees		2015-16					
Total	Name	Post held	Annual Salary	Other fees and allowances	Expenses allowance chargeable to UK income tax	Compensation for loss of employment	Other	Total	
£			£	(i) £	£	(ii) £	(iii) £	£	£
119,031	Sandra Black	Chief Executive from 1/12/14	137,440	6,332	-	-	-	143,772	
110,212	Shona MacDougall	Director of Community Resources	111,662	200	-	-	-	111,862	
110,012	Mary Crearie	Director of Development and Housing Services	111,662	-	-	-	-	111,662	
110,012	Peter MacLeod	Director of Children's Services	111,662	-	-	-	-	111,662	
35,117	Alan Russell	Director of Finance and Resources from 1/12/14	108,380	2,533	-	-	-	110,913	
484,384	Total		580,806	9,065	-	-	-	589,871	

2014-15		Senior Employees of Subsidiary Bodies		2015-16					
Total	Name	Post held	Annual Salary	Other fees and allowances	Expenses allowance chargeable to UK income tax	Compensation for loss of employment	Other	Total	
£			£	(i) £	£	(ii) £	(iii) £	£	£
82,709	Joyce McKellar	Chief Executive, Renfrewshire Leisure	90,077	-	35	-	-	90,112	
82,709	Total		90,077	-	35	-	-	90,112	

(i) Other Fees and Allowances relates to other payments made to officers for example in their role as either returning officer or election staff;

(ii) includes any other payments made to or receivable by the person in connection with the termination of their employment;

(iii) "other" includes any payments made by the Council by way of remuneration to, or in respect of, the person that do not otherwise fall within this paragraph, other than payments relating to pensions.

There were no non-consolidated bonuses or performance related payments made to any senior officer in 2015-2016.

4. Remuneration of Senior Councillors

Under the regulations, remuneration disclosures are to be made for the Leader of the Council, the Civic Head and any councillor designated a Senior Councillor by the Council.

The table below shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2016, whether or not those amounts were actually paid to, or received by, those persons within that period.

2014-2015		Leader of the Council, Provost, senior councillors		2015-2016	
Total	Name	Position held	Salary, fees and allowances	Expenses allowance chargeable to UK income tax	Total
£			£	£	£
33,117	Mark Macmillan	Leader of the Council	33,454	103	33,557
24,871	Anne Hall	Provost	24,897	1,168	26,065
24,570	Mike Holmes*	Policy Board Convener	24,897	-	24,897
24,570	Jim Harte	Policy Board Convener	24,897	-	24,897
24,570	Tommy Williams**	Policy Board Convener	24,897	-	24,897
24,570	Jacqueline Henry	Policy Board Convener	24,897	-	24,897
24,570	Terry Kelly	Policy Board Convener	24,897	-	24,897
24,570	Iain McMillan	Renfrewshire Health and Social Care Partnership Representative	24,897	-	24,897
24,570	Roy Glen	Policy Board Convener	24,897	-	24,897
24,570	Eddie Devine	Policy Board Convener	24,897	-	24,897
20,635	Sam Mullin***	Regulatory Board Convener	20,909	-	20,909
20,298	John Hood	Regulatory Board Convener	20,568	-	20,568
20,298	Jim Sharkey	Regulatory Board Convener	20,568	-	20,568
20,298	Alexander Murrin	Regulatory Board Convener	20,568	-	20,568
15,995	Brian Lawson^	Leader of the Opposition	20,568	72	20,640
352,072	Total		360,708	1,343	362,051

No payments were made in connection with loss of employment or office, nor were any other payments made which are not included in the above table.

* Cllr Mike Holmes is also Convener of the Scotland Excel Joint Committee. Cllr Holmes receives no remuneration for this appointment.

** Cllr Tommy Williams is also Convener of the North Strathclyde Community Justice Authority. Cllr Williams receives no additional remuneration for this post. The Convener is eligible to receive a salary of £20,909 but Cllr Williams receives remuneration only for his appointment as a Policy Board Convener.

***Cllr Sam Mullin is also Convener of the Renfrewshire Valuation Joint Board. The Convener is eligible to receive remuneration of £20,909. Cllr Mullin received remuneration only as Convener of the Renfrewshire Valuation Joint Board; no additional remuneration was received for his appointment as a Regulatory Board Convener.

^ Cllr Brian Lawson was Leader of the Opposition from 1 April 2014 to 3 December 2014; and then from 17 March 2015. Only the salary associated with Cllr Lawson's Senior Councillor appointment is detailed in the table above.

5. Pension Entitlement

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

From 1 April 2015 benefits for local government employees are based on career average pay. Pension benefits are based on the pay received for each year in the scheme increased by the increase in the cost of living, as measured by the appropriate index (or indices). The scheme's normal retirement age is linked to the state pension age of each member.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non manual employees.

The tiers and members contribution rates are as follows:

Contribution rate	Whole time pay 2014-2015	Whole time pay 2015-2016
5.5%	On earnings up to and including £20,335	On earnings up to and including £20,500
7.25%	On earnings above £20,335 and up to £24,853	On earnings above £20,500 and up to £25,000
8.5%	On earnings above £24,853 and up to £34,096	On earnings above £25,000 and up to £34,400
9.5%	On earnings above £34,096 and up to £45,393	On earnings above £34,400 and up to £45,800
12%	On earnings above £45,394	On earnings above £45,800

If a person works part-time their contribution rate will be based on their part time pay.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of pensionable pay for each year of membership, adjusted in line with the cost of living. (Prior to 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

The pension entitlements for Senior Employees and Senior Councillors for the year to 31 March 2016 are shown in the table below, together with the contribution made by the Council to each individual's pension during the year.

Senior employees		Accrued pension benefits as at 31 March 2016		Change in accrued pension benefits since 31 March 2015		Pension contributions made by Renfrewshire Council during 2015-2016
Name	Post held	Pension £m	Lump Sum £m	Pension £m	Lump Sum £m	£
Sandra Black	Chief Executive from 1/12/14	0.062	0.135	+0.004	+0.002	26,599
Shona MacDougall	Director of Community Resources	0.053	0.118	+0.003	+0.002	21,610
Mary Crearie	Director of Development and Housing Services	0.038	0.074	+0.003	+0.001	21,610
Peter MacLeod	Director of Children's Services	0.043	0.089	+0.003	+0.001	21,610
Alan Russell	Director of Finance and Resources from 1/12/14	0.035	0.065	+0.004	+0.003	20,975
Total		0.231	0.481	+0.017	+0.009	112,404

Senior Employees of Subsidiary Bodies		Accrued pension benefits as at 31 March 2016		Change in accrued pension benefits since 31 March 2015		Pension contributions made during 2015-2016
Name	Post held	Pension £m	Lump Sum £m	Pension £m	Lump Sum £m	£
Joyce McKellar	Chief Executive, Renfrewshire Leisure	0.044	0.098	+0.008	+0.013	17,385
Total		0.044	0.098	+0.008	+0.013	17,385

Leader of the Council, Provost, senior councillors		Accrued pension benefits as at 31 March 2016		Change in accrued pension benefits since 31 March 2015		Pension contributions made by Renfrewshire Council during 2015-2016
Name	Post held	Pension	Lump Sum	Pension	Lump Sum	
Mark Macmillan	Leader of the Council	0.002	-	-	-	6,473
Anne Hall	Provost	-	-	-	-	-
Mike Holmes	Policy Board Convener	0.003	0.002	-	+0.001	4,818
Jim Harte	Policy Board Convener	-	-	-	-	-
Tommy Williams	Policy Board Convener	0.003	0.002	-	+0.001	4,818
Jacqueline Henry	Policy Board Convener	0.002	-	+0.001	-	4,818
Terry Kelly	Policy Board Convener	-	-	-	-	-
Iain McMillan	Renfrewshire Health and Social Care Partnership Representative	-	-	-	-	-
Roy Glen	Policy Board Convener	0.002	-	+0.001	-	4,818
Eddie Devine	Policy Board Convener	0.003	0.001	+0.001	-	4,818
Sam Mullin	Regulatory Board Convener	0.003	0.001	-	-	4,046
John Hood	Regulatory Board Convener	0.001	-	-	-	3,980
Jim Sharkey	Regulatory Board Convener	-	-	-	-	-
Alexander Murrin	Regulatory Board Convener	0.003	0.001	+0.001	-	3,980
Brian Lawson	Leader of the Opposition	0.003	0.001	-	-	3,980
Total		0.025	0.008	+0.004	+0.002	46,549

All senior employees and councillors with contributions and benefits shown in the tables above are members of the Local Government Pension Scheme (LGPS).

The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

6. Councillors' remuneration

The Council paid the following amounts to its elected members (councillors) during the year.

2014-2015		2015-2016	
£		£	
768,560	Salaries	776,301	
8,432	Travel costs – reimbursed	5,923	
16,161	Travel costs – paid directly by the Council	13,724	
1,047	Subsistence expenses - reimbursed	757	
-	Subsistence expenses -paid directly by the Council	-	
1,261	Telephone and information communication technology expenses – reimbursed	1,222	
8,065	Telephone and information communication technology expenses – paid directly by the Council	6,473	
623	Other allowances and expenses	1,168	
804,149	Total	805,568	

The public record of members' salaries, allowances and expenses for 2015-2016 is available for inspection during normal working hours at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley. The public record is also available on the "Register of Councillors' Interests" page of the Council's website: www.renfrewshire.gov.uk.

7. Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2015-2016, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2015-2016. This information includes those senior employees who are subject to the fuller disclosure requirements in the tables above.

2014-2015		2015-2016		2014-2015		2015-2016	
Number of Employees	Remuneration band	Number of Employees	Left during 2015-2016	Number of Employees	Remuneration band	Number of Employees	Left during 2015-2016
93	£50,000 to £54,999	107	10	2	£100,000 to £104,999	-	-
55	£55,000 to £59,999	55	5	-	£105,000 to £109,999	-	-
7	£60,000 to £64,999	8	3	5	£110,000 to £114,999	6	2
2	£65,000 to £69,999	7	-	1	£115,000 to £119,999	-	-
5	£70,000 to £74,999	6	-	-	£120,000 to £124,999	-	-
6	£75,000 to £79,999	5	1	-	£125,000 to £129,999	1	1
12	£80,000 to £84,999	5	2	-	£130,000 to £134,999	-	-
2	£85,000 to £89,999	8	1	-	£135,000 to £139,999	-	-
3	£90,000 to £94,999	-	-	-	£140,000 to £144,999	1	-
-	£95,000 to £99,999	-	-	-	£145,000 to £149,999	-	-
				193		209	25

Of the 25 employees who left during the year, 19 would not have appeared in this note if costs associated with redundancy or early retirement payments received were excluded.

8. Exit Packages

The Council has agreed a number of exit packages in 2015-2016 as detailed in the table below. The exit packages agreed were all on a voluntary basis – there were no compulsory redundancies. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment with the Council are sufficient to pay back the costs of the exit package within an acceptable period. The assessment of the payback period takes account of the total costs of the exit package.

The total exit package costs in the table below include redundancy, pension strain and compensatory lump sum payments; and also the **notional** capitalised costs of compensatory added years. These notional costs are not based on actual costs, but are the estimated present value of projected costs over the lifetime of the individuals in receipt of the exit package, based on the following assumptions:

	2014-2015	2015-2016
Future Life expectancy at age 65 – males	24.8 years	24.8 years
Future Life expectancy at age 65 – females	26.2 years	26.2 years
Pension increase rate	2.4%	2.2%
Discount Rate	3.2%	3.5%

2014-2015		Exit package cost	2015-2016	
Number of departures agreed	Total projected cost of exit packages in each band £m		Number of departures agreed	Total projected cost of exit packages in each band £m
64	0.615	£0 - £20,000	4	0.057
49	1.451	£20,001 - £40,000	-	-
28	1.351	£40,001 - £60,000	1	0.041
23	1.599	£60,001 - £80,000	3	0.226
16	1.414	£80,001 - £100,000	1	0.090
23	2.862	£100,001 - £150,000	2	0.262
10	1.759	£150,001 - £200,000	1	0.190
6	1.349	£200,001 - £250,000	1	0.201
7	1.878	£250,001 - £300,000	-	-
-	-	£300,001 - £350,000	-	-
-	-	£350,001 - £400,000	1	0.354
1	0.418	£400,001 - £450,000	-	-
227	14.696	Total	14	1.421

* Of the 14 departures agreed, 3 individuals will leave the Council during 2016-2017. The remainder left in 2015-2016.

Cllr Mark Macmillan
Leader of The Council
29 September 2016

Sandra Black
Chief Executive
29 September 2016

The Authority's Responsibilities

The Authority is required

- To make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The Director of Finance and Resources has been designated as that officer in Renfrewshire Council;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To ensure that the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by Renfrewshire Council at its meeting on 29 September 2016.

Signed on behalf of Renfrewshire Council

Cllr Mark Macmillan

Leader of The Council

29 September 2016

The Director of Finance and Resources' Responsibilities

The Director of Finance and Resources is responsible for the preparation of the Authority's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing this Statement of Accounts, the Director of Finance and Resources has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates which were reasonable and prudent;
- Complied with legislation; and
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Director of Finance and Resources has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Authority and its group at the reporting date and the transactions of the Authority and its group for the year ended 31 March 2016.

Alan Russell CPFA

Director of Finance and Resources

29 September 2016

Independent auditor's report to the members of Renfrewshire Council and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Renfrewshire Council and its group for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets and Cash-Flow Statements, the authority-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, and the Non-domestic Rate Account and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Director of Finance and Resources and auditor

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the Director of Finance and Resources is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the council and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Resources and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the council and its group as at 31 March 2016 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Brian Howarth ACMA CGMA
Assistant Director
Audit Scotland
4th Floor South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2016

Annual Accounts 2015-2016 Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the council, analysed into usable reserves (those reserves that can be applied to fund expenditure or to reduce local taxation) and unusable reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the council's services, more details of which are shown in the **comprehensive income and expenditure statement**. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax-setting and dwellings rent-setting purposes. The net increase or (decrease) before transfers to other statutory reserves line shows the statutory General Fund Balance and the Housing Revenue Account Balance before any discretionary transfers to or from the other statutory reserves of the council.

The **group movement in reserves statement** shows the movement in the year on the different reserves held by the council's group, analysed into the council's usable reserves, the council's unusable reserves and the council's share of the reserves of the subsidiaries, associates and joint ventures within the group. Further explanation about this statement can be found on page 25.

	Note	Usable reserves				Council's total usable reserves		Council's unusable reserves		Council's total reserves		Council's share of reserves of subsidiaries, associates and JV's		Total reserves
		General Fund Balance	Housing Revenue Account Balance	Revenue statutory funds	Capital Receipts Reserve	Capital statutory funds	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2014 carried forward (restated)		52.925	11.245	2.856	3.208	22.543	92.777	607.744	700.521	38.387	738.908			
<i>Movement in reserves during 2013-2014:</i>														
Surplus or (deficit) on the provision of services		10.973	(16.586)	-	-	-	(5.613)	-	(5.613)	(2.218)	(7.831)			
Other comprehensive income and expenditure		-	-	-	-	-	-	(52.875)	(52.875)	(0.394)	(53.269)			
Total comprehensive income and expenditure		10.973	(16.586)	-	-	-	(5.613)	(52.875)	(58.488)	(2.612)	(61.100)			
Adjustments between group accounts and council accounts	G5	(3.520)	-	-	-	-	(3.520)	-	(3.520)	3.520	-			
Net increase or (decrease) before transfers		7.453	(16.586)	-	-	-	(9.133)	(52.875)	(62.008)	0.908	(61.100)			
Adjustments between accounting basis and funding basis under regulations	7	3.379	17.543	-	0.552	-	21.474	(21.474)	-	-	-			
Net increase or (decrease) before transfers to other statutory reserves		10.832	0.957	-	0.552	-	12.341	(74.349)	(62.008)	0.908	(61.100)			
Transfers to or (from) other statutory reserves	11	(4.903)	(1.557)	(0.003)	-	6.463	-	-	-	-	-			
Increase or (decrease) in 2014-2015		5.929	(0.600)	(0.003)	0.552	6.463	12.341	(74.349)	(62.008)	0.908	(61.100)			
Balance at 31 March 2015 carried forward (restated)		58.854	10.645	2.853	3.760	29.006	105.118	533.395	638.513	39.295	677.808			
<i>Movement in reserves during 2014-2015:</i>														
Surplus or (deficit) on the provision of services		26.624	(15.081)	-	-	-	11.543	-	11.543	(6.736)	4.807			
Other comprehensive income and expenditure		-	-	-	-	-	-	208.498	208.498	4.203	212.701			
Total comprehensive income and expenditure		26.624	(15.081)	-	-	-	11.543	208.498	220.041	(2.533)	217.508			
Adjustments between group accounts and council accounts	G5	(7.545)	-	-	-	-	(7.545)	-	(7.545)	7.545	-			
Net increase or (decrease) before transfers		19.079	(15.081)	-	-	-	3.998	208.498	212.496	5.012	217.508			
Adjustments between accounting basis and funding basis under regulations	7	14.140	17.764	-	0.356	-	32.260	(32.260)	-	-	-			
Net increase or (decrease) before transfers to other statutory reserves		33.219	2.683	-	0.356	-	36.258	176.238	212.496	5.012	217.508			
Transfers to or (from) other statutory reserves	11	(30.695)	(3.089)	0.002	-	33.782	-	-	-	-	-			
Increase or (decrease) in 2015-2016		2.524	(0.406)	0.002	0.356	33.782	36.258	176.238	212.496	5.012	217.508			
Balance at 31 March 2016 carried forward		61.378	10.239	2.855	4.116	62.788	141.376	709.633	851.009	44.307	895.316			

Annual Accounts 2015-2016

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services and managing the council during the year. It includes, on an accruals basis, all of the council's day-to-day expenses and related income. It also includes transactions measuring the value of non-current assets actually consumed during the year and the real projected value of retirement benefits earned by employees during the year. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that councils need to take into account when setting the annual council tax charge. The required adjustments between accounting basis and funding basis under regulations are shown in the **movement in reserves statement**.

2014-2015				2015-2016		
Gross expenditure	Gross income	Net expenditure		Gross expenditure	Gross income	Net expenditure
£m	£m	£m	Note	£m	£m	£m
20.119	(8.919)	11.200	Central services to the public	19.465	(6.882)	12.583
30.466	(5.503)	24.963	Cultural and related services	21.709	(2.375)	19.334
177.965	(21.399)	156.566	Education services	182.596	(22.623)	159.973
31.074	(8.653)	22.421	Environmental services	32.994	(11.031)	21.963
58.302	(48.672)	9.630	Housing services - Housing Revenue Account	56.956	(48.490)	8.466
77.314	(69.277)	8.037	Housing services - other	77.746	(71.060)	6.686
14.500	(8.021)	6.479	Planning and development services	14.804	(8.589)	6.215
25.539	(7.988)	17.551	Roads and transport services	25.016	(5.801)	19.215
153.960	(49.051)	104.909	Social work	146.859	(45.057)	101.802
11.629	(2.444)	9.185	Corporate and democratic core	13.464	(4.182)	9.282
1.168	(0.081)	1.087	Non-distributed costs	(0.001)	(0.080)	(0.081)
602.036	(230.008)	372.028	Net cost of services	591.608	(226.170)	365.438
			Other operating expenditure:			
	0.522		(Gains) or losses on the disposal of non-current assets			1.127
	29.652		Financing and investment income and expenditure	6		28.294
	(393.069)		Taxation and non-specific grant income	10		(398.857)
	9.133		(Surplus) or deficit on the provision of services			(3.998)
	(4.578)		(Surplus) or deficit on the revaluation of non-current assets	13		(87.860)
	0.643		Impairment (gains) or losses on non-current assets charged to the revaluation reserve	13		-
	(0.205)		(Surplus) or deficit on the revaluation of available-for-sale financial assets	12(ii)		0.086
	57.015		Actuarial (gains) or losses on pension assets and liabilities	35(ii)		(120.724)
	52.875		Other comprehensive income and expenditure			(208.498)
	62.008		Total comprehensive income and expenditure			(212.496)

Annual Accounts 2015-2016

Balance Sheet as at 31 March 2016

The **balance sheet** shows the value as at 31 March 2016 of the assets and liabilities recognised by the council. The net assets of the council are matched by the reserves held by the council. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve, which may only be used to fund capital expenditure or to repay debt). The second category of reserves comprises those that the council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown as 'adjustments between accounting basis and funding basis under regulations' in the **movement in reserves statement**.

31 March 2015			31 March 2016
£m		Note	£m
1,199.115	Property, plant and equipment	13	1,260.702
1.575	Investment property	14	1.957
38.977	Heritage assets	15	38.977
0.860	Intangible assets	17	0.829
3.116	Long-term investments	27	3.117
5.411	Long-term debtors	23	5.730
1,249.054	Long-term assets		1,311.312
24.694	Short-term investments	27	66.897
1.084	Inventories	21	0.768
0.931	Short-term Intangible Assets	22	0.468
45.022	Short-term debtors	23	31.706
29.298	Cash and cash equivalents	24	39.396
0.756	Short-term assets held for sale	16	0.744
101.785	Current assets		139.979
(70.511)	Short-term borrowing	27	(55.034)
(60.004)	Short-term creditors	25	(62.519)
(6.935)	Short-term provisions	26	(7.100)
(137.450)	Current liabilities		(124.653)
(165.932)	Long-term borrowing	27	(174.799)
(82.546)	Long-term creditors	25	(79.890)
(5.821)	Long-term provisions	26	(5.368)
(317.064)	Other long-term liabilities	35(vi)	(212.702)
(3.513)	Grants Receipts In Advance	9	(2.870)
(574.876)	Long-term liabilities		(475.629)
638.513	Net assets		851.009
105.118	Usable reserves	11	141.376
533.395	Unusable reserves	12	709.633
638.513	Total reserves		851.009

The unaudited accounts were issued on 22 June 2016 and the audited accounts were authorised for issue on 29 September 2016.

Balance Sheet signed by:

Alan Russell CPFA
Director of Finance and Resources

This statement shows the changes in cash and cash equivalents of the council during the year. It shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is, borrowing) to the council.

2014-2015		2015-2016	
£m		Note	£m
9.133	Net (surplus) or deficit on the provision of services		(3.998)
(89.460)	Adjust net surplus or deficit on the provision of services for non-cash movements	29a	(104.968)
28.565	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		31.251
(51.762)	Net cash flows from operating activities		(77.715)
35.143	Net cash flows from investing activities	29b	58.391
17.147	Net cash flows from financing activities	29c	9.226
0.528	Net (increase) or decrease in cash and cash equivalents		(10.098)
(29.826)	Cash and cash equivalents at the beginning of the reporting period	24	(29.298)
(29.298)	Cash and cash equivalents at the end of the reporting period		(39.396)

Note 1 Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015-2016 Code:

- Amendments to IAS19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRS 2010-2012 Cycle
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRS 2012-2014 Cycle
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- Changes to the format of the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015-2016 financial statements.

It is not anticipated that the above amendments will have a material impact on the financial statements.

It should be noted that from 2016/17 local authorities will be disclosing Highways Network Asset as a new category within the long-term assets section of the Balance Sheet. The Code does not require any 2015/16 restatement for this change and as such is not considered a standard issued but not yet adopted. This change will see a significant change in balance sheet valuation so the impact is noted for information.

Note 2 Judgements in Applying Accounting Policies

In applying the accounting policies the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect is detailed below.

Leases	Following an examination of all property and other asset leases, the Council has concluded that all land leases are operating leases. Leases relating to buildings in a number of cases meet the criteria for a finance lease as opposed to an operating lease, and they have been accounted for on this basis.
PFI/PPP and similar arrangements	The Council is deemed to control the services provided under the agreement for the provision of educational establishments. The accounting policies for PFI schemes and similar arrangements have been applied and the assets under the contract are included within Property, Plant and Equipment on the Council's Balance Sheet. Note 19 provides further details.
Public Sector Funding	There is some uncertainty about future levels of funding for local government in the medium term. However, the Council has assessed that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
Employee Benefits short-term provision	The Council has used a sampling approach to calculating the short-term provision for employee short-term compensated absences. A 5% random sample of employees has been used to calculate the short-term provision necessary for annual leave. Flexi-leave has been calculated based on the actual credit or debit position for all employees eligible as at 31 March 2016.

Note 3 Assumptions made about the future

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other

relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet as at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumption
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.5 million for every year that useful lives had to be reduced.
Fair Value Measurements	When the fair value of assets cannot be measured based on quoted prices in active markets (ie level 1 inputs), their fair value is measured using similar techniques (eg quoted prices for similar assets). Where possible the inputs to these valuation techniques are based on observable data (level 2 inputs) but where this is not possible judgement is required (level 3 inputs). Changes in the assumptions used over these judgements could affect the fair value of the Authority's assets.	The total value of assets measured using unobservable inputs (level 3), where significant judgement has been required, is £0.235m. Changes in any of the unobservable inputs would result in a lower or higher fair value measurement for these assets. A 10% change in the relevant assumptions would result in a £0.024m movement in valuations.
Equal Pay and Holiday Pay Provision	The Council has made a provision of £0.836 million for the settlement of potential claims for back pay arising from Equal Pay legislation and a European Court of Justice ruling on Holiday Pay, based on the number of actual claims received and potentially receivable and an average settlement amount. It is not certain that all valid claims have yet been received by the Authority or that precedents set by other authorities in the settlement of claims will be applicable.	An increase over the forthcoming year of 10% in the estimated average settlement could have the effect of adding £0.084 million to the required provision.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £120 million. However, the assumptions interact in complex ways. During 2015-2016, the Council's actuaries advised that the net pensions liability had reduced by £15.4 million as a result of estimates being corrected as a result of experience and reduced by £111.4 million as a result of updating of the assumptions.
Debt Impairment	At 31 March 2016, the Council had a balance for trade debtors of £21.9 million. A review of significant balances suggested that an impairment of doubtful debts of 58% (£12.6	If collection rates were to deteriorate, an increase of 10% of the amount of the impairment of doubtful debts would require an additional £2.2 million to be set aside as an allowance.

million) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.

Note 4 Material Items of Income and Expenditure

The following items of income and expenditure are material and are shown net in the **comprehensive income and expenditure statement**.

As outlined in Note 26, provisions have been reassessed or new provisions introduced during the course of the year to ensure that the Council is making appropriate and prudent adjustments for changes in risks associated with specific issues relevant to the Council.

Note 5 Events after the balance sheet date

The Director of Finance and Resources, being the officer responsible for the council's financial affairs, signed the unaudited Annual Accounts on 22 June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 23 June the result of the referendum on membership of the European Union was a majority vote to leave. The UK Government would cease its EU membership from the date of agreement or, failing that, within two years of the notification under Article 50 process to negotiate the terms of the UK's exit, with the possibility of extending this time frame with the agreement of the other 27 member states. There is no immediate impact on the council, however, the referendum result has created uncertainty in various areas, for example, employment legislation, procurement, pension liabilities and many more. It is not currently possible to comment on the impact that this may have on the medium term for the council.

Note 6 Financing and investment income and expenditure

2014-2015		2015-2016	
£m		£m	
22.115	Interest payable and similar charges	21.477	
10.573	Net interest on the net defined benefit liability	10.222	
(1.302)	Interest receivable and similar income	(1.625)	
(0.111)	Income and expenditure in relation to investment properties and changes in their fair values	(0.112)	
(1.623)	Net (surplus) or deficit on trading operations	(1.668)	
29.652	Total financing and investment income and expenditure	28.294	

Note 7 Adjustment between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the council to meet future capital and revenue expenditure.

2015-2016	Usable reserves				Unusable reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Statutory Funds	Capital Receipts Reserve	
	£m	£m	£m	£m	£m
<i>Adjustments primarily involving the Capital Adjustment Account:</i>					
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:					
Charges for depreciation and impairment of non-current assets	(34.681)	(32.434)	-	-	67.115
Revaluation losses on property, plant and equipment		-			-
Movements in the market value of investment property		-			-
Amortisation of intangible assets	(0.290)	-	-	-	0.290
Capital grants and contributions applied	25.881	0.530	-	-	(26.411)
Revenue expenditure funded from capital under statute		-			-
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the comprehensive income and expenditure statement	(1.379)	0.252	-	-	1.127
Insertion of items not debited or credited to the comprehensive income and expenditure statement:					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	8.604	13.213	-	-	(21.817)
Capital expenditure charged against the General Fund and HRA Balances	2.578	1.836	-	-	(4.414)
<i>Adjustments primarily involving the Capital Receipts Reserve:</i>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the comprehensive income and expenditure statement	-	-	-	(4.840)	4.840
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	4.484	(4.484)
<i>Adjustment primarily involving the Financial Instruments Adjustment Account:</i>					
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	0.221	0.274	-	-	(0.495)
<i>Adjustments primarily involving the Pension Reserve:</i>					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement	(36.191)	(2.912)	-	-	39.103
Employer's pension contributions and direct payments to pensioners payable in the year	21.231	1.510	-	-	(22.741)
<i>Adjustment primarily involving the Employee Statutory Adjustment Account:</i>					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.114)	(0.033)	-	-	0.147
Total adjustments	(14.140)	(17.764)	-	(0.356)	32.260

2014-2015	Usable reserves				Unusable reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Statutory Funds	Capital Receipts Reserve	
	£m	£m	£m	£m	£m
<i>Adjustments primarily involving the Capital Adjustment Account:</i>					
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:					
Charges for depreciation and impairment of non-current assets	(39.964)	(30.641)	-	-	70.605
Amortisation of intangible assets	(0.311)	-	-	-	0.311
Capital grants and contributions applied	25.412	0.065	-	-	(25.477)
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the comprehensive income and expenditure statement	(0.675)	0.153	-	-	0.522
<i>Insertion of items not debited or credited to the comprehensive income and expenditure statement:</i>					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	25.518	12.167	-	-	(37.685)
Capital expenditure charged against the General Fund and HRA Balances	1.846	2.017	-	-	(3.863)
<i>Adjustments primarily involving the Capital Receipts Reserve:</i>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the comprehensive income and expenditure statement	-	-	-	(3.088)	3.088
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	2.536	(2.536)
<i>Adjustment primarily involving the Financial Instruments Adjustment Account:</i>					
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	0.246	0.259	-	-	(0.505)
<i>Adjustments primarily involving the Pension Reserve:</i>					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement	(36.014)	(3.177)	-	-	39.191
Employer's pension contributions and direct payments to pensioners payable in the year	20.258	1.590	-	-	(21.848)
<i>Adjustment primarily involving the Employee Statutory Adjustment Account:</i>					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.305	0.024	-	-	(0.329)
Total adjustments	(3.379)	(17.543)	-	(0.552)	21.474

Note 8 Amounts reported for resource allocation decisions

The standard service groups shown on the face of the **comprehensive income and expenditure statement** are those specified by the Service Reporting Code of Practice and are designed to make comparisons between local authorities' accounts more meaningful. However, the standard service groups do not reflect the local management of service delivery and budgetary responsibilities as determined by the Council.

The management of Renfrewshire Council is led by the Chief Executive and, following a review of the Council's management arrangements which was approved by the Council's Leadership Board on 18 February 2015, the operational structure of the Council is divided into four main service areas, each led by a service director. Financial reports to management are prepared on a different basis from the accounting policies used in the statement of accounts. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than the current service cost of benefits accrued in the year;
- expenditure on support services is budgeted for centrally and is not charged to service areas.

The income and expenditure of the Council's main service areas, as reported to management, for the financial year is as follows:

Service area income and expenditure analysis 2015-2016	Service area						Total
	Education and Childrens Services	Community Resources	Finance and Resources	Development and Housing Services	Adult Services	Other Services	
	£m	£m	£m	£m	£m	£m	£m
Employee expenses	115.755	28.197	31.614	13.787	27.891	4.086	221.330
Other service expenses	86.632	50.630	14.320	122.741	67.104	57.801	399.228
Support services recharges	15.472	3.481	11.612	3.531	-	11.083	45.179
Gross expenditure	217.859	82.308	57.546	140.059	94.995	72.970	665.737
Income	(40.201)	(25.051)	(51.187)	(130.662)	(31.157)	(11.653)	(289.911)
Net expenditure	177.658	57.257	6.359	9.397	63.838	61.317	375.826

Service area income and expenditure analysis 2014-2015	Service area						Total
	Education and Leisure Services	Community Resources	Finance and Resources	Development and Housing Services	Social Work	Other Services	
	£m	£m	£m	£m	£m	£m	£m
Employee expenses	103.357	25.862	29.294	16.491	43.467	1.545	220.016
Other service expenses	82.003	46.546	10.455	128.846	93.323	37.381	398.554
Support services recharges	9.909	4.031	11.774	5.283	6.418	10.310	47.725
Gross expenditure	195.269	76.439	51.523	150.620	143.208	49.236	666.295
Income	(23.958)	(20.343)	(46.467)	(134.433)	(48.878)	(22.170)	(296.249)
Net expenditure	171.311	56.096	5.056	16.187	94.330	27.066	370.046

Reconciliation of service area income and expenditure to the net cost of services in the comprehensive income and expenditure statement

The following table shows how the figures in the above analysis of service area income and expenditure reconcile to the amounts included in the **comprehensive income and expenditure statement**.

2014-2015		2015-2016	
£m		£m	
370.046	Net expenditure in the service area income and expenditure analysis above	375.826	
22.435	Amounts not included in the service area analysis but included in the CIES	197.657	
(20.453)	Amounts included in the service area analysis but not included in the CIES	(208.045)	
372.028	Net cost of services in the comprehensive income and expenditure statement	365.438	

Reconciliation to subjective analysis of income and expenditure

This table shows how the figures in the above analysis of service area income and expenditure reconcile to a subjective analysis of the surplus or deficit on the provision of services as included in the **comprehensive income and expenditure statement**.

2015-2016	Service area income and expenditure analysis	Amounts not included in the analysis but included in the CIES	Amounts included in the analysis but not included in the CIES	Allocation of support service recharges	Net Cost of Services	Amounts reported below the "net cost of services" in the CIES	(Surplus) or deficit on the CIES
	£m	£m	£m	£m	£m	£m	£m
Employee expenses	221.330	120.724	(22.594)	-	319.460	-	319.460
Other service expenses	369.856	-	(165.112)	-	204.744	-	204.744
Support service recharges	45.179	-	-	(45.179)	-	-	-
Depreciation, amortisation and impairment	-	67.405	-	-	67.405	-	67.405
Interest payments	31.040	(9.563)	(21.477)	-	-	31.040	31.040
Net (surplus) or deficit on Trading Operations	(1.668)	-	1.668	-	-	(1.668)	(1.668)
(Gain) or loss on disposal of non-current assets	-	-	-	-	-	1.127	1.127
Total expenditure	665.737	178.566	(207.515)	(45.179)	591.609	30.499	622.108
Fees, charges and other service income	(187.239)	-	-	45.179	(142.060)	-	(142.060)
Interest and investment income	(0.877)	1.078	-	-	0.201	(1.078)	(0.877)
Income from council tax	-	-	-	-	-	(66.148)	(66.148)
Government grants and contributions	(101.795)	18.013	(0.530)	-	(84.312)	(332.709)	(417.021)
Total income	(289.911)	19.091	(0.530)	45.179	(226.171)	(399.935)	(626.106)
Net expenditure	375.826	197.657	(208.045)	-	365.438	(369.436)	(3.998)

2014-2015	Service area income and expenditure analysis	Amounts not included in the analysis but included in the CIES	Amounts included in the analysis but not included in the CIES	Allocation of support service recharges	Net Cost of Services	Amounts reported below the "net cost of services" in the CIES	(Surplus) or deficit on the CIES
	£m	£m	£m	£m	£m	£m	£m
Employee expenses	220.015	(57.015)	(22.177)	-	140.823	-	140.823
Other service expenses	368.016	-	22.281	-	390.297	-	390.297
Support service recharges	47.725	-	-	(47.725)	-	-	-
Depreciation, amortisation and impairment	-	70.916	-	-	70.916	-	70.916
Interest payments	32.162	(10.047)	(22.115)	-	-	32.162	32.162
Net (surplus) or deficit on Trading Operations	(1.623)	-	1.623	-	-	(1.623)	(1.623)
(Gain) or loss on disposal of non-current assets	-	-	-	-	-	0.522	0.522
Total expenditure	666.295	3.854	(20.388)	(47.725)	602.036	31.061	633.097
Fees, charges and other service income	(192.311)	-	-	47.725	(144.586)	-	(144.586)
Interest and investment income	(0.709)	0.887	-	-	0.178	(0.887)	(0.709)
Income from council tax	-	-	-	-	-	(64.305)	(64.305)
Government grants and contributions	(103.229)	17.694	(0.065)	-	(85.600)	(328.764)	(414.364)
Total income	(296.249)	18.581	(0.065)	47.725	(230.008)	(393.956)	(623.964)
Net expenditure	370.046	22.435	(20.453)	-	372.028	(362.895)	9.133

Note 9 Grant income

The council has received grants that have yet to be recognised as income. This is because these grants have conditions attached to them that remain outstanding, and which would require the monies to be returned to the grantor. The balance at 31 March 2016 is as follows:

31 March 2015		31 March 2016
£m		£m
	<i>Grants Receipts in Advance:</i>	
3.513	Miscellaneous revenue grants	2.870
3.513	Total Grants Receipts in Advance	2.870

The council credited the following grants, contributions and donations direct to services in the **comprehensive income and expenditure statement** during 2015-2016.

2014-2015		2015-2016	
£m		£m	
64.730	Housing benefit	64.104	
1.112	Housing benefit and council tax administration	1.082	
0.847	Private sector housing grant	1.173	
0.696	Education Maintenance Allowance	0.658	
0.024	Gaelic Education	0.024	
0.057	School Milk	0.059	
1.006	Other Education	0.980	
5.551	Social work	5.764	
1.253	Employability	0.574	
3.642	Other grants	3.074	
78.918	Total credited to services	77.492	

Note 10 Taxation and non-specific grant income

The council credited the following taxation and non-specific grant income to the **comprehensive income and expenditure statement** during 2015-2016.

2014-2015		2015-2016	
£m		£m	
(64.305)	Income from council tax and community charge	(66.148)	
(106.316)	Distribution from the national non-domestic rate pool	(102.983)	
(204.754)	General Revenue Grant from the Scottish Government	(211.713)	
(17.694)	Capital grants and contributions	(18.013)	
(393.069)	Total taxation and non-specific grant income	(398.857)	

Note 11 Usable reserves

Usable reserves are those reserves the council is able to apply to fund expenditure or reduce taxation, and comprise both capital and revenue reserves. Movements in the revenue reserves during the year are outlined in the **movement in reserves statement**, however a summary is shown below.

31 March 2015		31 March 2016	
£m		£m	
58.854	General Fund Balance	61.378	
10.645 *	Housing Revenue Account Balance	10.239	
3.760	Capital Receipts Reserve	4.116	
31.859	Other Statutory Funds	65.643	
105.118	Total usable reserves	141.376	

* £3.432 million of the £10.239 million balance has been earmarked for Welfare Reform support

This note sets out the amounts set aside from the General Fund Balance in statutory funds established under Schedule 3 of the Local Government (Scotland) Act 1975 to provide financing for specific areas of expenditure, and the amounts transferred back from these funds to meet General Fund expenditure in 2015-2016.

	2014-2015				2015-2016		
	Balance at 31 March 2014 £m	Transfers out 2014-2015 £m	Transfers in 2014-2015 £m	Balance at 31 March 2015 £m	Transfers out 2015-2016 £m	Transfers in 2015-2016 £m	Balance at 31 March 2016 £m
Insurance Fund	2.543	-	-	2.543	-	-	2.543
Reservoir Repair Fund	0.313	(0.005)	0.002	0.310	-	0.002	0.312
Revenue statutory funds	2.856	(0.005)	0.002	2.853	-	0.002	2.855
Education Capital Items Fund	0.735	(0.087)	0.190	0.838	(0.265)	0.178	0.751
Investment Capital Fund	19.681	-	4.803	24.484	-	30.780	55.264
Housing Capital Fund	2.127	-	1.557	3.684	-	3.089	6.773
Capital statutory funds	22.543	(0.087)	6.550	29.006	(0.265)	34.047	62.788
Total	25.399	(0.092)	6.552	31.859	(0.265)	34.049	65.643

In addition to the capital statutory funds above the Capital Receipts Reserve is also a statutory fund. Detail of the movement in the Capital Receipts Reserve is shown in Note 7, but a summary of the movement is also shown below.

	2014-2015				2015-2016		
	Balance at	Sale proceeds	Capital expenditure funded	Balance at	Sale proceeds	Capital expenditure funded	Balance at
	31 March 2014	2014-2015	2014-2015	31 March 2015	2015-2016	2015-2016	31 March 2016
	£m	£m	£m	£m	£m	£m	£m
Capital Receipts Reserve	3.208	3.088	(2.536)	3.760	4.840	(4.484)	4.116

The Insurance Fund is the funding mechanism for the control of insurable risk and covers the main classes of insurance. It is earmarked for premiums and self-funded insurance costs.

The Reservoir Repair Fund is funding received from a contractor for repairs in perpetuity to the Thornly Dam.

The Education Capital Items Fund is earmarked funding for specific schools to be used in 2016-2017 for planned purchases of a capital nature such as computers and information communication technology equipment.

The Investment Capital Fund represents planned funding earmarked to support the Council's investment programme and the wider strategic management of the Council's associated debt profile.

The Housing Capital Fund will be used to assist in managing the associated debt costs of improving the standard of council housing.

The Capital Receipts Reserve holds cash receipts from asset sales and is used to fund planned capital expenditure.

Ring-fenced elements of the General Fund Balance

This note sets out the amounts within the General Fund Balance which the council has ring-fenced for future expenditure plans.

	2014-15				2015-16		
	Balance at	Transfers out	Transfers in	Balance at	Transfers out	Transfers in	Balance at
	31 March 2014 £m	2014-2015 £m	2014-2015 £m	31 March 2015 £m	2015-2016 £m	2015-2016 £m	31 March 2016 £m
Service Modernisation and Reform Fund	7.708	(1.337)	0.025	6.396	(0.233)	0.013	6.176
Funding the future availability of the educational establishments to be replaced under the Public Private Partnership	12.670	-	-	12.670	-	-	12.670
M74 Fund	0.571	-	-	0.571	(0.005)	-	0.566
Development Contribution – Paisley Town Centre	1.300	(0.164)	-	1.136	(0.016)	-	1.120
Early Years Change Fund	2.019	-	1.302	3.321	-	-	3.321
Land Decontamination	0.271	(0.038)	-	0.233	(0.233)	-	-
Waste Management Strategy	9.505	(0.874)	-	8.631	(1.597)	0.422	7.456
Invest in Renfrewshire	3.397	(0.239)	4.332	7.490	(2.604)	0.163	5.049
Community Safety	1.612	(0.505)	-	1.107	(0.986)	-	0.121
Private Sector Housing Grant	1.589	-	0.251	1.840	-	0.223	2.063
Town Centre Access	0.107	(0.107)	-	0.000	-	-	-
Tackling Poverty - Credit Union Support	0.500	(0.039)	-	0.461	(0.121)	-	0.340
Energy and Carbon Management	0.131	-	0.124	0.255	(0.255)	-	-
Events and Tourism	0.181	(0.067)	-	0.114	(0.114)	-	(0.000)
Paisley Town Centre Heritage Asset Strategy	-	-	1.802	1.802	(0.038)	6.520	8.284
City Deal	-	-	1.561	1.561	-	-	1.561
Response to Commission on Tackling Poverty	-	-	1.636	1.636	(0.987)	3.000	3.649
Youth Employment Strategy	-	-	0.180	0.180	-	0.032	0.212
<i>Year end flexibility:</i>							
Education and Leisure Services	0.970	-	0.440	1.410	(0.163)	0.500	1.747
Social Work	1.195	(0.952)	0.030	0.273	(0.243)	-	0.030
Total ring-fenced element of the General Fund Balance	43.726	(4.322)	11.683	51.087	(7.595)	10.873	54.365
Unallocated element of the General Fund Balance	9.199	(2.227)	0.795	7.767	(2.921)	2.167	7.013
General Fund Balance	52.925	(6.549)	12.478	58.854	(10.516)	13.040	61.378

The unallocated balance of £7.013 million is 1.9% of the Council's net annual running costs.

Note 12 Unusable reserves

Unusable reserves are those reserves that the council is not able to utilise to provide services, and comprise:

(i) Reserves that hold unrealised gains and losses, particularly in relation to the revaluation of property, plant and equipment and financial instruments, where amounts will only become available to provide services (or limit resources in the case of losses) once the gains or losses are realised as the assets are disposed of. This category of reserves comprises the Revaluation Reserve and the Available-for-sale Financial Instruments Reserve.

(ii) Adjustment accounts that deal with situations where income and expenditure are recognised according to statutory regulations against the General Fund Balance and the Housing Revenue Account Balance on a different basis from that expected by generally accepted accounting practices. These adjustment accounts will carry either a debit balance (showing that the council is required by statute to fund its expenditure more slowly than accounting standards would expect) or a credit balance (where the council has set resources aside under statute earlier than accounting standards require). The adjustment accounts effectively offset the General Fund Balance and the Housing Revenue Account Balance to give the council more or less spending power in the short term than proper accounting practices would allow. The adjustment accounts comprise the Capital Adjustment Account, the Financial Instruments Adjustment Account, the Capital Receipts Reserve, the Pension Reserve and the Employee Statutory Adjustment Account.

Summary of unusable reserves

31 March 2015		31 March 2016	
£m		Note	£m
328.457	Revaluation Reserve	(i)	405.005
0.331	Available-for-sale Financial Instruments Reserve	(ii)	0.245
543.420	Capital Adjustment Account	(iii)	538.486
(14.882)	Financial Instruments Adjustment Account	(iv)	(14.387)
(317.064)	Pension Reserve	(v)	(212.702)
(6.867)	Employee Statutory Adjustment Account	(vi)	(7.014)
533.395	Total unusable reserves		709.633

(i) Movement in the year: Revaluation Reserve

The Revaluation Reserve contains the gains made by the council arising from increases in the value of its non-current assets. The balance is reduced when assets with accumulated gains are (i) revalued downwards or impaired and the gains are lost, (ii) used in the provision of services and the gains are consumed through depreciation or (iii) disposed of and the gains are realised. The Revaluation Reserve contains only revaluation gains accumulated since 1 April 2007, which was the date that the Revaluation Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2014-2015		2015-2016	
£m		£m	£m
334.760	Balance at 1 April		328.457
3.935	Upward/(downward) revaluation of non-current assets	87.860	
(10.238)	Difference between fair value depreciation and historic cost depreciation written off to the Capital Adjustment Account	(10.020)	
-	Accumulated gains or (losses) on disposal of non-current assets transferred to the Capital Adjustment Account	(1.292)	
(6.303)	Amount posted to the Capital Adjustment Account		76.548
328.457	Balance at 31 March		405.005

(ii) Movement in the year: Available-for-sale Financial Instruments Reserve

The Available-for-sale Financial Instruments Reserve contains the gains made by the council arising from increases in the value of its investments that have quoted market prices. The balance is reduced when investments with accumulated gains are (i) revalued downwards or impaired and the gains are lost or (ii) disposed of and the gains are realised.

2014-2015		2015-2016	
£m		£m	
0.126	Balance at 1 April	0.331	
0.205	Upward/(downward) revaluation of investments	(0.086)	
0.331	Balance at 31 March	0.245	

(iii) Movement in the year: Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets. The Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the **comprehensive income and expenditure statement** (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Capital Adjustment Account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and enhancement. The Capital Adjustment Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the council, and also revaluation gains accumulated on property, plant and equipment before 1 April 2007. The Revaluation Reserve was created to hold such gains arising from 1 April 2007 onwards. Note 7 provides details of the source of all the transactions posted to the Capital Adjustment Account, apart from those involving the Revaluation Reserve.

2014-2015		2015-2016	
£m		£m	£m
538.147	Balance at 1 April		543.420
	<i>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement:</i>		
(70.605)	Charges for depreciation, impairment and revaluation losses of non-current assets	(67.115)	
(0.311)	Amortisation of intangible assets	(0.290)	
	Revenue expenditure funded from capital under statute		
(3.088)	Non-current assets sale proceeds	(4.840)	
(0.522)	Gain or (loss) on disposal of non-current assets charged to the comprehensive income and expenditure statement	(1.127)	
(74.526)			(73.372)
10.238	Adjusting amounts written out of the Revaluation Reserve		11.312
(64.288)	Net written out amount of the cost of non-current assets consumed in the year		(62.060)
	<i>Capital financing applied in the year:</i>		
2.536	Use of the Capital Receipts Reserve to finance new capital expenditure	4.484	
25.477	Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	26.411	
37.685	Loans Fund principal repayments	21.817	
3.863	Capital expenditure charged against the General Fund and Housing Revenue Account balances	4.414	
69.561			57.126
543.420	Balance at 31 March		538.486

(iv) Movement in the year: Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments, and for bearing losses or benefiting from gains in accordance with statutory provisions [or regulations]. The council uses the Financial Instruments Adjustment Account to:

(i) Manage premiums incurred on the early repayment of borrowings. Generally accepted accounting practices require that premiums are debited to the **comprehensive income and expenditure statement** when they are incurred (except where the loan debt being repaid is exchanged for new loan debt on substantially similar terms). However, statutory arrangements or regulations allow any premiums that would normally require to be taken immediately to the surplus or deficit on the provision of services, to be amortised to the General Fund Balance over the various periods of time as specified in the regulations/statutory guidance. Furthermore, statutory arrangements [or regulations] require that any premiums that were on the council's balance sheet at 31 March 2007 be amortised to the General Fund Balance over the unexpired term that was outstanding on the associated loans when they were redeemed. The council had various premiums totalling £17.630 million at 31 March 2007 and, under the statutory arrangements, these will be fully amortised to the General Fund Balance by financial year 2053-2054.

(ii) Manage borrowings that were on the council's balance sheet at 31 March 2007 and that have a stepped interest rate feature. These borrowings comprise five "lender option borrower option" (LOBO) loans for which the interest rate was fixed for an initial period, and at a pre-agreed later date the interest rate changed. Generally accepted accounting practices require that interest charges relating to borrowings that have a stepped interest rate feature are debited to the **comprehensive income and expenditure statement** on the basis of a single effective interest rate (EIR) over the expected life of the loans, rather than based on the contractual cash outflows of interest. However, statutory arrangements [or regulations] allow such borrowings that were on the council's balance sheet at 31 March 2007 to be charged to the General Fund Balance in accordance with the accounting treatment prior to 1 April 2007, which did not require the use of the effective interest rate as the basis for the interest charge.

(iii) Manage "soft loans" that were on the council's balance sheet at 31 March 2007. Soft loans are loans advanced by the council at nil or below prevailing interest rates. Generally accepted accounting practices require that the discounted interest rate is recognised as a reduction in the fair value of the loan, with the difference being debited to the **comprehensive income and expenditure statement** as service expenditure. However, statutory arrangements [or regulations] require that, for soft loans on the council's balance sheet at 31 March 2007, the reduction in value and corresponding charge to be reversed, so that there is no impact on the General Fund Balance. As at 31 March 2007 interest free loans amounting to £0.156 million had been advanced to employees who had had changes implemented to their pay cycle. These loans are repayable when employees leave the council's employment.

2014-2015		2015-2016	
£m		£m	£m
(15.387)	Balance at 1 April		(14.882)
-	Premiums incurred in the year and charged to the comprehensive income and expenditure statement		
0.489	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0.472	
0.489			0.472
0.016	Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements or regulations		0.023
(14.882)	Balance at 31 March		(14.387)

(v) Movement in the year: Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions or regulations. The council accounts for post-employment benefits in the **comprehensive income and expenditure statement** as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the council makes employer's contributions to pension funds. The debit balance on the Pension Reserve shows a significant shortfall in the benefits earned by past and current employees and the council's share of Strathclyde Pension Fund resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014-2015		2015-2016	
£m		£m	
(242.706)	Balance at 1 April	(317.064)	
(57.015)	Actuarial gains or (losses) on pension assets and liabilities	120.724	
(39.191)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	(39.103)	
21.848	Employer's pension contributions payable in the year	22.741	
(317.064)	Balance at 31 March	(212.702)	

(vi) Movement in the year: Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for short-term accumulating compensated absences at the end of the financial year.

2014-2015		2015-2016	
£m		£m	£m
(7.196)	Balance at 1 April		(6.867)
7.196	Settlement or cancellation of accrual made at the end of the preceding year	6.867	
(6.867)	Amounts accrued at the end of the current year	(7.014)	
0.329	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(0.147)
(6.867)	Balance at 31 March		(7.014)

Note 13 Property, Plant and Equipment

2015-2016

	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total property, plant and equipment £m	Of which funded by PPP £m
Gross carrying amount at 1 April 2015	485.526	301.692	423.746	267.892	4.948	36.691	1,520.495	86.429
Assets reclassified (to) or from the "held for sale" category	(0.026)	(0.129)	-	-	-	-	(0.155)	-
Other asset reclassifications	(4.227)	(1.662)	7.883	-	(7.669)	5.135	(0.540)	-
Additions	4.393	1.087	15.485	8.546	17.749	-	47.260	0.906
Disposals	(2.194)	(0.569)	(2.227)	-	-	(3.274)	(8.264)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	43.962	3.414	0.594	-	-	(0.758)	47.212	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	0.139	(2.902)	-	-	(0.323)	(3.086)	-
Gross carrying amount at 31 March 2016	527.434	303.972	442.579	276.438	15.028	37.471	1,602.922	87.335
Accumulated depreciation (including accumulated impairment losses) at 1 April 2015	-	49.587	142.265	118.492	-	11.036	321.380	6.609
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	-	-
Depreciation on other reclassifications	(0.145)	(0.985)	0.215	-	-	0.915	-	-
Depreciation charge for the year	16.742	6.053	37.957	5.446	-	0.089	66.287	3.162
Depreciation and impairment on disposals	(0.075)	(0.108)	(2.194)	-	-	(0.027)	(2.404)	-
Depreciation written out to the Revaluation Reserve	(16.522)	(9.586)	(14.193)	-	-	(0.286)	(40.587)	-
Depreciation written out to the surplus or deficit on the provision of services	-	(1.212)	(1.202)	-	-	(0.042)	(2.456)	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses recognised in the surplus or deficit on the provision of services	-	-	-	-	-	-	-	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2016	0.000	43.749	162.848	123.938	-	11.685	342.220	9.771
Balance sheet net carrying amount at 31 March 2016	527.434	260.223	279.731	152.500	15.028	25.786	1,260.702	77.564
Balance sheet net carrying amount at 1 April 2015	485.526	252.105	281.481	149.400	4.948	25.655	1,199.115	79.820

Annual Accounts 2015-2016 Notes to the Core Financial Statement

2014-2015	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total property, plant and equipment £m	Of which funded by PPP £m
Gross carrying amount at 1 April 2014	509,577	316,907	360,202	260,110	15,288	37,233	1,499,317	85,552
Assets reclassified (to) or from the "held for sale" category	(0.106)	-	-	-	-	-	(0.106)	-
Other asset reclassifications	(0.535)	(7,812)	35,281	-	(27,602)	0.668	(0.000)	-
Additions	4,477	3,039	33,018	7,782	17,262	0.246	65,824	0.877
Disposals	(1,421)	(3,671)	(2,727)	-	-	(1,601)	(9,420)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	(26,466)	(1,669)	0.693	-	-	0.185	(27,257)	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(5,102)	(2,721)	-	-	(0.040)	(7,863)	-
Gross carrying amount at 31 March 2015	485,526	301,692	423,746	267,892	4,948	36,691	1,520,495	86,429
Accumulated depreciation (including accumulated impairment losses) at 1 April 2014	-	58,550	113,271	113,243	-	11,103	296,167	4,893
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	-	-
Depreciation on other reclassifications	(0.018)	(5,984)	5,984	-	-	0.018	0.000	-
Depreciation charge for the year	16,983	6,581	33,413	5,249	-	0.064	62,290	3,132
Depreciation and impairment on disposals	(0.047)	(3,609)	(2,579)	-	-	(0.102)	(6,337)	-
Depreciation written out to the Revaluation Reserve	(16,918)	(7,481)	(7,404)	-	-	(0.032)	(31,835)	-
Depreciation written out to the surplus or deficit on the provision of services	-	-	-	-	-	-	-	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	1,371	(0,713)	-	-	(0,015)	0,643	(1,416)
Impairment losses recognised in the surplus or deficit on the provision of services	-	0,159	0,293	-	-	-	0,452	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2015	-	49,587	142,265	118,492	-	11,036	321,380	6,609
Balance sheet net carrying amount at 31 March 2015	485,526	252,105	281,481	149,400	4,948	25,655	1,199,115	79,820
Balance sheet net carrying amount at 1 April 2014	509,577	258,357	246,931	146,867	15,288	26,130	1,203,150	80,659

Note 14 Investment properties

The following items of income and expense have been accounted for in the "financing and investment income and expenditure" line in the **comprehensive income and expenditure statement**:

2014-2015		2015-2016
£m		£m
(0.111)	Rental income from investment property	(0.113)
(0.111)	Net (gain) or loss	(0.113)

There are no restrictions on the council's ability to realise the value inherent in its investment property or on the council's right to the remittance of income and the proceeds of disposal. The council has no contractual obligations to purchase, construct or develop investment property, nor does it have contractual obligations in relation to repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties during the year:

2014-2015		2015-2016
£m		£m
1.575	Opening balance at 1 April	1.575
-	Asset Reclassification	0.459
-	Net gains or (losses) from fair value adjustments	(0.077)
1.575	Closing balance at 31 March	1.957

Fair Value Hierarchy

Detail of the authority's investment properties and information about the fair value hierarchy as at 31 March 2016 are as follows:

	Quoted Prices in active markets for identical Assets (level 1)	Other significant observable inputs (level 2)	Other significant unobservable inputs (level 3)	Fair Value as at 31 March 2016
	£m	£m	£m	£m
Commercial Units	-	0.628	-	0.628
Office Units	-	0.077	-	0.077
Commercial Sites	-	0.957	-	0.957
Other	-	0.295	-	0.295
Total	-	1.957	-	1.957

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Sufficient title and lease information is available in the respect of Investment Properties. Coupled with knowledge of the rent being achieved, or likely to be achieved, has enabled the market approach to be used in respect of the fair value measurement of Investment Properties

Market knowledge, through sales evidence of surplus development sites within Renfrewshire has also been factored into the fair value measurement. Therefore, the level of observable inputs are significant, leading to the properties being categorised at level 2 in the fair value hierarchy.

Note 15 Heritage Assets

The movement in the fair value of heritage assets is as follows:

2014-2015		2015-2016	
£m		£m	
38.661	Opening balance at 1 April	38.977	
0.316	Additions (at cost)	-	
38.977	Closing balance at 31 March	38.977	

The combined collections managed by the Renfrewshire Arts and Museums Service number in excess of 350,000 objects and it is impractical to undertake a full valuation of all the items in the collection. The balances above reflect a combination of external valuations and those undertaken by museum curators for insurance purposes. Internal valuations are generally derived on a collection basis as opposed to valuing individual objects.

The details of the valuations of the assets are as follows:

- Art collection: 2013 (Sotheby's)
- Shawls and textiles: 2012 (internal)
- Natural and human history: 2012 (internal)

An inventory of objects is currently held in a variety of both manual and electronic formats. A centralised electronic collections management system has been procured and a project is underway to transfer records to this new system. It is recognised however that this is a significant task and may take a substantial period of time to complete.

A summary of transactions over the previous 5 years is shown below:

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
	£m	£m	£m	£m	£m
Acquisitions	0.016	-	0.252	0.316	-
Donations	-	0.030	-	-	-
Disposals	-	-	-	-	-
Revaluations	(0.238)	(2.083)	-	-	-

Note 16 Assets held for sale

The following table summarises the movement in the fair value of assets held for sale during the year:

2014-2015		2015-2016	
£m		£m	
1.176	Opening balance at 1 April	0.756	
	Assets newly classified as "held for sale":		
0.106	Council Dwellings	0.026	
-	Other Land and Buildings	0.129	
-	Revaluation losses	(0.060)	
(0.526)	Assets sold	(0.107)	
0.756	Closing balance at 31 March	0.744	

Note 17 Intangible assets

The council accounts for purchased software licences as intangible assets. The cost of the licences is amortised on a straight-line basis over the expected life of the licences, which is three to five years for all ICT systems. Amortisation charges are initially charged to ICT services and then absorbed as an overhead across all the service headings in the net expenditure of services. The movement on intangible asset balances during the year is as follows:

2014-2015		2015-2016	
Purchased software licences		Purchased software licences	
£m		£m	
	<i>Balances at start of year:</i>		
2.517	Gross carrying amount	2.717	
(1.553)	Accumulated amortisation	(1.857)	
0.964	Net carrying amount at start of year	0.860	
0.208	Additions: purchases	0.178	
-	Asset Reclassification	0.081	
(0.008)	Disposals	-	
0.007	Accumulated amortisation derecognised on disposal	-	
(0.311)	Amortisation for the year	(0.290)	
0.860	Net carrying amount at end of year	0.829	
	<i>...comprising:</i>		
2.717	Gross carrying amount	2.976	
(1.857)	Accumulated amortisation	(2.147)	
0.860	Net carrying amount at end of year	0.829	

There are no individual intangible assets that are material to the financial statements and there are currently no contractual commitments for the acquisition of intangible assets.

Note 18 Capital expenditure and capital financing

Capital Expenditure involves the creation of assets, the benefit of which will be available to future council tax and non-domestic rate payers. It is financed from borrowing and capital income (sales receipts), and so the cost of the asset is effectively borne over a number of years. The council's overall capital investment programme is sub-divided into two programmes – housing and non-housing. In 2015-2016 total spending on capital projects was £47.438 million (£66.348 million in 2014-2015) and was within the overall prudential limits approved by Council. £4.484 million (£2.536 million in 2014-2015) of capital receipts were used to fund spending on capital projects.

The net capital expenditure for the year of £12.129 million (£34.472 million in 2014-2015) was financed from external borrowing and from cash balances. The table below shows the total amount of capital expenditure incurred in the year, and the resources used to finance this expenditure. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed. The movement in the CFR during the year is also analysed in the table below.

2014-2015		2015-2016	
£m		£m	
370.730	Opening Capital Financing Requirement	367.563	
	<i>Capital investment:</i>		
65.824	Property, plant and equipment	47.260	
0.208	Intangible assets	0.178	
0.316	Heritage Assets	-	
	<i>Sources of finance:</i>		
(1.682)	Capital receipts – sale of council houses	(2.290)	
(0.854)	Capital receipts – sale of other council assets	(2.194)	
(25.477)	Government grants and other contributions	(26.411)	
(3.863)	Sums set aside from revenue – direct revenue contributions	(4.414)	
(37.639)	Loans Fund/Finance Lease principal repayments	(21.767)	
367.563	Closing Capital Financing Requirement	357.925	
	<i>Explanation of movements during the year</i>		
(0.624)	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(7.022)	
(0.008)	Reduction in finance leases obligations	-	
(2.535)	Increase/(decrease) in PPP finance lease creditor	(2.616)	
(3.167)	Increase or (decrease) in Capital Financing Requirement during the year	(9.638)	

At 31 March 2016 the Council had commitments on capital contracts for non-housing projects of £33.731 million (£12.785 million in 2014-2015) and for housing projects of £8.019 million (£13.169 million in 2014-2015). This expenditure will be funded from a combination of government grants, external borrowing, income from selling assets and contributions from revenue budgets.

Note 19 Public Private Partnerships

The Council entered into a Public Private Partnership on 1 July 2006 for the provision and maintenance of educational buildings and other facilities. This agreement provides the Council with replacement buildings such as primary and secondary schools and community education premises. The provider is required to ensure the availability of these buildings to a pre-agreed standard, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standard.

When the agreement ends in 2038, the buildings will be handed to the Council at nil consideration with a guarantee of no major maintenance requirements for a five-year period. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the course of the remainder of the contract. The assets used to provide services are recognised on the Council's Balance Sheet. Movements in their value over the year are shown in the movement on the Property, Plant and Equipment balance in Note 13.

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards. Under the agreement the Council is committed to paying the following sums (assuming an average inflation rate of 2.5% per annum and excluding any performance/availability deductions).

Future Repayment Periods	Service Charges	Liability Repayment	Interest Repayment	Contingent Rentals	Total
	£m	£m	£m	£m	£m
Payable within 1 year	4.779	2.604	6.146	2.721	16.250
Payable within 2-5 years	21.041	10.989	22.531	13.193	67.754
Payable within 6-10 years	31.858	14.665	23.454	21.265	91.242
Payable within 11-15 years	35.471	18.578	17.475	27.579	99.103
Payable within 16-20 years	38.210	25.819	9.055	34.557	107.641
Payable within 21-25 years	16.114	9.832	0.868	12.537	39.351
Total	147.473	82.487	79.529	111.852	421.341

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay to the contractor for capital expenditure (the outstanding finance lease obligation) is as follows:

2014-2015		2015-2016	
£m		£m	
87.638	Balance outstanding at 1 April	85.103	
2.535	Payments during the year	2.616	
85.103	Balance outstanding at 31 March	82.487	

Note 20 Leases

Renfrewshire Council as Lessee

Operating Leases

The Council has acquired 22 properties by entering into operating leases, with average lives of 22 years. The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2015		31 March 2016	
£m		£m	
0.899	Not later than one year	0.841	
3.022	Later than one year and not later than five years	2.662	
5.192	Later than five years	4.732	
9.113		8.235	

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2014-2015		2015-2016	
£m		£m	
0.899	Minimum lease payments	0.857	
0.899		0.857	

Renfrewshire Council as Lessor

Operating Leases

The Council leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2015		31 March 2016
£m		£m
0.239	Not later than one year	0.256
0.818	Later than one year and not later than five years	0.858
8.597	Later than five years	8.384
9.654		9.498

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Note 21 Inventories

2014-2015		2015-2016
Consumable Stores		Consumable Stores
£m		£m
0.898	Carrying amount at 1 April	1.084
6.651	Additions during the year	6.368
(6.462)	Recognised as an expense during the year: inventories sold, exchanged or distributed	(6.638)
(0.009)	Recognised as an expense during the year: inventories written down	(0.054)
0.006	Reversals during the year of previous inventory write-downs	0.008
1.084	Carrying amount at 31 March	0.768

Note 22 Intangible assets (current assets)

The council accounts for Carbon Reduction Commitment (CRC) allowances purchased prospectively as intangible assets. These allowances will be surrendered in accordance with the CRC scheme's requirements.

2014-15		2015-16
CRC Allowances		CRC Allowances
£m		£m
-	Net carrying amount at start of year	0.931
0.931	Additions: purchases	-
-	Disposals	(0.463)
0.931	Net carrying amount at end of year	0.468

Note 23 Debtors

31 March 2015			31 March 2016			
Short Term £m	Long Term £m		Short Term £m	£m	Long Term £m	£m
24.423	-	Central government bodies, excluding NHS Scotland		8.107		-
0.783	-	Central government bodies: NHS Scotland		0.657		-
0.644	-	Other local authorities		1.618		-
0.015	-	Public corporations and trading funds		0.001		-
6.761	-	HM Revenue and Customs		4.035		-
		<i>Other entities and individuals:</i>				
13.964	-	Council tax arrears	14.823			-
(9.276)	-	Council tax arrears impairment	(10.172)			-
4.688	-	Council tax arrears net of impairment		4.651		-
2.668	-	Rent arrears	2.305			-
(2.429)	-	Rent arrears impairment	(1.778)			-
0.239	-	Rent arrears net of impairment		0.527		-
17.409	-	Trade debtors	19.829			-
(11.549)	-	Trade debtors impairment	(12.641)			-
5.860	-	Trade debtors net of impairment		7.188		-
1.609	11.284	Other debtors	4.922		12.733	
-	(5.873)	Other debtors impairment			(7.003)	
1.609	5.411	Other debtors net of impairment		4.922		5.730
45.022	5.411	Total debtors		31.706		5.730

Note 24 Cash and cash equivalents

The balance of cash and cash equivalents is made up of the following components. With the exception of imprest accounts held at council establishments, the balances in all of the categories listed below are used together to manage the council's overall cash balances on a day-to-day basis.

31 March 2015		31 March 2016
£m		£m
(2.257)	Current account balances with the council's banker	(3.236)
0.291	Collection account balances not with the council's banker	0.034
14.008	Callable deposits with UK banks	16.610
8.003	Callable deposits with non UK banks	8.004
9.204	Callable deposits in money market funds	17.936
0.049	Imprest accounts held at council establishments	0.048
29.298	Total cash and cash equivalents	39.396

Note 25 Creditors

The analysis below details the main creditor balances.

31 March 2015			31 March 2016		
Short	Long		Short	Long	
Term	Term		Term	Term	
£m	£m		£m	£m	
2.839	-	Central government bodies, excluding NHS Scotland	4.507		
0.336	-	Central government bodies: NHS Scotland	0.748		
0.903	-	Other local authorities	0.828		
0.171	-	Public corporations and trading funds	0.217		
5.448	-	HM Revenue and Customs	5.931		
8.934	-	Strathclyde Pension Fund and SPPA	5.302		
8.079	-	Accrued payrolls	5.643		
2.615	82.488	PPP finance lease creditor	2.604	79.883	
-	-	Other finance lease creditor	-	-	
-	0.010	Financial guarantees		0.007	
30.679	0.048	Other entities and individuals	36.739	-	
60.004	82.546	Total creditors	62.519	79.890	

Note 26 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

There are two classes of provision – short and long term. The accrual associated with short-term accumulating compensated absence is classed as a short term provision and is matched by the Employee Statutory Adjustment Account (an unusable reserve – Note 12(vi)). The accrual associated with teacher’s maternity pay is also a short term provision. This provision has been made to reflect the changes in European legislation that allow teachers to accrue all holidays during maternity leave.

The movement in these short term provisions is detailed below:

2014-2015				2015-2016		
Short term accumulating compensated absence	Teachers' maternity pay	Total		Short term accumulating compensated absence	Teachers' maternity pay	Total
£m	£m	£m		£m	£m	£m
7.196	0.070	7.266	Balance at 1 April	6.867	0.068	6.935
6.867	0.068	6.935	Additional provisions and increases to existing provisions	7.015	0.085	7.100
(7.196)	(0.070)	(7.266)	Reversal of existing provisions	(6.867)	(0.068)	(6.935)
6.867	0.068	6.935	Balance at 31 March	7.015	0.085	7.100

A summary of the movements in the long term provisions made by the council is detailed below, along with an explanation of the reason for the provision:

	2015-2016			
	Equal pay and Holiday pay compensation payments	Insurance claims	Other	Total
	£m	£m	£m	£m
Balance at 1 April 2015	1.236	4.274	0.311	5.821
Additional provisions and increases/(decreases) to existing provisions made during the year		0.724	0.631	1.355
Amounts used during the year	(0.400)	(1.097)	(0.311)	(1.808)
Balance at 31 March 2016	0.836	3.901	0.631	5.368

Equal pay and Holiday pay compensation payments

The council has received and settled, and expects to potentially receive further, equal pay claims arising from equality issues under equal pay legislation and the implementation of the single status agreement. In addition the council has received a number of claims arising from a European Court of Justice ruling in relation to holiday pay. A provision has been made to reflect the potential outcome of outstanding and potential claims.

Insurance claims

The provision for insurance claims represents the actuarial assessment of excess costs arising from insurance claims together with identified liabilities in respect of insurance claims outstanding against Renfrewshire Council and predecessor local authorities. The council has increased its net assessment by £0.724 million on the basis of information held by the Council and notified by Glasgow City Council, the coordinating authority for the former Strathclyde Regional Council.

Other

The council has received a number of claims in relation to construction projects. Although the claims are disputed, a provision has been made at a prudent level to reflect potential settlements. All other provisions are individually insignificant.

Note 27 Financial Instruments

Categories of financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term 'financial instrument' covers both financial assets and financial liabilities and includes trade payables, borrowings (for example Public Works Loan Board debt and market debt), financial guarantees, bank overdraft, trade receivables, loans receivable, cash deposits with financial institutions (some on a fixed term basis and some which are immediately available) and longer term investments. The following categories of financial instrument are carried in the **balance sheet**. (Those financial instruments that are classified as cash and cash equivalents are not included in this table – see Note 24 for details of these.)

31 March 2015			31 March 2016		
Long-term	Current		Long-term	Current	
£m	£m		£m	£m	
-	24.694	Loans and receivables - fixed term deposits		66.897	
3.116	-	Available-for-sale financial assets - insurance fund investments	3.117	-	
3.116	24.694	Investments	3.117	66.897	
1.452	0.075	Loans and receivables - loans to other entities and individuals	0.799	0.078	
3.959	40.259	Loans and receivables - trade receivables	4.931	26.977	
5.411	40.334	Debtors	5.730	27.055	
(165.932)	(9.690)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(154.410)	(14.338)	
-	(54.783)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(20.389)	(34.382)	
-	(6.038)	Financial liabilities at amortised cost - borrowing from group entities	-	(6.314)	
(165.932)	(70.511)	Borrowing	(174.799)	(55.034)	
-	(34.928)	Financial liabilities at amortised cost - trade payables	-	(43.039)	
(82.488)	(2.615)	PFI/PPP and finance lease liabilities	(79.883)	(2.604)	
(0.010)	-	Financial guarantees	(0.007)	-	
(82.498)	(37.543)	Creditors	(79.890)	(45.643)	

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £0.275 million (2014-2015 £0.900 million), home loans of £0.553 million (2014-2015 £0.562 million), soft loans to service users of £0.028 million (2014-2015 £0.038 million) and soft loans to employees of £0.022 million (2014-2015 £0.027 million).

Fair value of financial instruments

When financial instruments are initially recognised they are measured at fair value (less any material transaction costs), fair value being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. Subsequent to initial recognition, the balance sheet measurement method for a financial instrument depends on its classification, and the fair value will, for some financial instruments, diverge from the balance sheet carrying amount:

- (i) Subsequent to initial recognition, available-for-sale financial assets continue to be carried in the balance sheet at fair value.
- (ii) Subsequent to initial recognition, loans and receivables and financial liabilities at amortised cost are carried in the balance sheet at amortised cost, using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered Level 2 being quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

The fair value for each category of financial instrument is shown below, with the balance sheet carrying amount shown for comparison.

31 March 2015			31 March 2016		
Balance sheet carrying amount	Fair value		Balance sheet carrying amount	Fair value	
£m	£m		£m	£m	
24.694	24.717	Loans and receivables - fixed term deposits	66.897	66.914	
3.116	3.116	Available-for-sale financial assets - insurance fund investments	3.117	3.117	
27.810	27.833	Investments	70.014	70.031	
1.527	1.570	Loans and receivables - loans to other entities and individuals	0.877	0.924	
44.218	44.221	Loans and receivables - trade receivables	31.908	31.911	
45.745	45.791	Debtors	32.785	32.835	
(175.622)	(231.239)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(168.748)	(226.240)	
(54.783)	(70.003)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(54.771)	(70.350)	
(6.038)	(6.038)	Financial liabilities at amortised cost - borrowing from group entities	(6.314)	(6.314)	
(236.443)	(307.280)	Borrowing	(229.833)	(302.904)	
(34.928)	(34.928)	Financial liabilities at amortised cost - trade payables	(43.039)	(43.039)	
(85.103)	(85.103)	PFI/PPP and finance lease liabilities	(82.487)	(82.487)	
(0.010)	(0.010)	Financial guarantees	(0.007)	(0.007)	
(120.041)	(120.041)	Creditors	(125.533)	(125.533)	

The council's available-for-sale financial assets comprise the council's insurance fund investments. The fair value of the insurance fund investments equates to the market value of those investments, and this valuation has been provided by the council's investment manager, Standard Life Wealth Limited.

The assessment of the fair value of fixed term deposits (within loans and receivables) and borrowing (within financial liabilities at amortised cost), has been carried out on the council's behalf by the council's treasury advisers, Capita Asset Services. This fair value assessment uses the "net present value" approach, which provides an estimate of the value, in today's terms, of the cash flows which are expected to take place over the remaining term of the financial instruments. The discount rate used in the assessment is the comparable new deposit/borrowing rate for a financial instrument of similar structure and terms, from a comparable borrower/lender. This is the rate applicable in the market, on the date of valuation, for an instrument with duration equal to the outstanding period from the date of valuation to the maturity date of the instrument being assessed. In the case of borrowings from the Public Works Loan Board (PWLB), the interest rate used to assess fair value is the appropriate new borrowing rate, and not the more penal rate which is applied in the event of premature repayment of PWLB borrowings. A consistent approach has been applied to financial assets and to financial liabilities.

The assessment of the fair value of loans to other entities and individuals (within loans and receivables) follows a similar "net present value" method to that for fixed term deposits and borrowing, with discount rates being estimated using the prevailing market rate of interest for similar instruments and similar borrowers.

Due to the short-term nature of trade receivables (within loans and receivables) and trade payables (within financial liabilities at amortised cost), and the fact that no quoted interest rate applies to these, such financial instruments are carried at the original contract amount (net of any impairment in the case of trade receivables). For these instruments the contract amount, the amortised cost and the fair value are considered to be not materially different.

The fair value of loans and receivables is greater than the balance sheet carrying amount as at 31 March 2016. This is because the council has placed fixed term deposits, and has made loans to other entities and individuals, where the contractual interest rate is higher than the rates available for similar deposits/loans at that date. This represents a notional future gain (based on economic conditions at 31 March 2016) attributable to the commitment to receive interest above current market rates.

Similarly, the fair value of financial liabilities at amortised cost is greater than the balance sheet carrying amount as at 31 March 2016. This is because the council has taken borrowing where the contractual interest rate is higher than the rates available for similar borrowing at that date. This represents a notional future loss (based on economic conditions at 31 March 2016) attributable to a commitment to pay interest to lenders above current market rates.

Items of income, expense, gain and loss relating to financial instruments

The following items of income, expense, gain and loss relating to financial instruments are included within the lines "financing and investment income and expenditure" and "(surplus) or deficit on the revaluation of available-for-sale financial assets" in the **comprehensive income and expenditure statement**.

2015-2016	Financial assets: loans and receivables £m	Available-for- sale financial assets £m	Financial liabilities at amortised cost £m	Total £m
Interest expense (including finance lease interest)	-	-	17.766	17.766
Impairment losses	1.130	-	-	1.130
Total expense in the (surplus) or deficit on the provision of services	1.130	-	17.766	18.896
Interest income	(0.689)	-	-	(0.689)
Dividend income	-	(0.088)	-	(0.088)
Other income	(0.008)	-	-	(0.008)
Total income in the (surplus) or deficit on the provision of services	(0.697)	(0.088)	-	(0.785)
Net (gain) or loss on revaluation	-	0.086	-	0.086
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	0.086	-	0.086
Net (gain) or loss for the year (in total comprehensive income and expenditure)	0.433	(0.002)	17.766	18.197

2014-2015	Financial assets: loans and receivables £m	Available-for- sale financial assets £m	Financial liabilities at amortised cost £m	Total £m
Interest expense (including finance lease interest)	-	-	18.782	18.782
Impairment losses	0.802	-	-	0.802
Total expense in the (surplus) or deficit on the provision of services	0.802	-	18.782	19.584
Interest income	(0.552)	-	-	(0.552)
Dividend income	-	(0.066)	-	(0.066)
Other income	(0.010)	-	-	(0.010)
Total income in the (surplus) or deficit on the provision of services	(0.562)	(0.066)	-	(0.628)
Net (gain) or loss on revaluation	-	(0.205)	-	(0.205)
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	(0.205)	-	(0.205)
Net (gain) or loss for the year (in total comprehensive income and expenditure)	0.240	(0.271)	18.782	18.751

Note 28 Nature and extent of risks arising from Financial Instruments

The council's management of treasury risks actively works to minimise the council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

Credit Risk

Credit risk arises from the short-term lending of surplus funds to financial institutions and local authorities, as well as credit exposures to the council's customers. It is the policy of the council to place deposits only with a limited number of high quality banks, building societies and money market funds whose credit rating is independently assessed as sufficiently secure by the council's treasury advisers and to restrict lending to a prudent maximum amount for each entity.

The following analysis summarises the council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the council expects full repayment on the due date of deposits placed with its counterparties.

2015-2016	Amount at 31 March 2016 £m	Historical experience of non-payment adjusted for market conditions at 31 March 2016 12.86%	Estimated maximum exposure to default and uncollectability at 31 March 2016 £m
Deposits with financial institutions	109.447		
Customers (sundry income)	9.996		1.286
Total	119.443		1.286

The Council does not generally allow credit for customers, such that as at 31 March 2016 £6.490 million of the £9.996 million (£5.284 million of £7.397 million in 2014-2015) sundry income debtors balance is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2015		31 March 2016	
£m		£m	
1.467	Less than three months and past due	3.147	
0.429	Three to six months	0.615	
0.468	Six months to one year	0.649	
2.920	More than one year	2.079	
5.284	Sundry income debtors past due	6.490	

Collateral

Renfrewshire Council occasionally provides loans to residents who wish to buy their homes under “right to buy” legislation. In such cases the council takes a standard security over the property. As at 31 March 2016 the outstanding value of loans advanced by the council was £0.552 million (£0.562 million as at 31 March 2015).

Liquidity risk

The council’s main source of borrowing is HM Treasury’s Public Works Loans Board. There is no significant risk that the council will be unable to raise finance to meet its commitments under financial instruments. The council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The council’s policy is to ensure that not more than 15% of loans are due to mature within any financial year and 50% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of the principal element of borrowing is as follows:

31 March 2015			31 March 2016		
£m			£m		
		<i>Principal maturing...</i>			
59.625	26.43% *	in less than one year	44.438	20.31% *	
11.522	5.11%	between one and two years	31.212	14.26%	
18.052	8.00%	between two and five years	8.066	3.69%	
136.358	60.46%	in more than five years	135.132	61.74%	
225.557	100.00%	Principal element of borrowing	218.848	100.00%	

*The principal maturing in less than one year exceeds the 15% target above due to the technical possibility that the call option on LOBO loans could be called by the lender. This is highly unlikely in the current economic climate.

Market risk: interest rate risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charged on borrowing at variable rates and an increased cost to the taxpayer. An increase in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in cost for the taxpayer. Changes in market rates also affect the notional “fair value” of lending and borrowing. For example, a rise in interest rates would reduce the fair value of both lending and borrowing at fixed rates. Changes in the fair value of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

The council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the council’s finances:

- it is the policy of the council to limit its exposure to variable rate borrowing to a maximum of 25% of what it borrows;

- during periods of falling rates and where it is economically advantageous to do so, the council will consider the repayment and restructuring of fixed interest rate debt;
- the council takes daily advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructurings of existing borrowings.

To illustrate the notional impact of changes in interest rates upon the council, the following table shows the financial effect if rates had been 1% higher during 2015-2016, with all other variables held constant.

	2015-2016
	£m
<i>Notional impact on the surplus or deficit on the provision of services:</i>	
Increase in interest payable on new fixed rate borrowings taken during the year	
Increase in interest receivable on deposits placed during the year	(0.895)
Notional impact on the surplus or deficit on the provision of services	(0.895)
Share of this impact which would be attributable to the Housing Revenue Account	(0.497)
<i>Accounting presentation changes, which would have no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure:</i>	
Decrease in the fair value of fixed rate loans and deposits	0.082
Decrease in the fair value of fixed rate borrowing	43.562

The impact of a 1% fall in interest rates would be as above but with the changes being reversed.

Market risk: price risk

The council's Insurance Fund is invested in an externally managed fund under the powers of schedule 3 of the Local Government (Scotland) Act 1975 and section 3 of the Local Government etc. (Scotland) Act 1994. The investments are managed on behalf of the council by Standard Life Wealth Limited in the Phoenix Fund. The objective of the fund is to achieve long term growth with low volatility, through a widely diversified portfolio. The benchmark return is LIBOR+2% per annum. During 2015-2016 the book cost of investments increased by £0.088 million (£0.066 million increase during 2014-2015).

The investment is classified as "available-for-sale", meaning that all movements in price will impact on the gains and losses recognised in other comprehensive income and expenditure. This is a prescribed presentational requirement that has no impact on the taxpayer. To illustrate the impact of changes in share price upon the council, an increase or fall of 5% in the general price of shares at 31 March 2016 would have resulted in a £0.050 million gain or loss being recognised in other comprehensive income and expenditure for 2015-2016.

Market risk: foreign exchange risk

The council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

Note 29 Cash flow statement

29a. Cash flow: operating activities – adjustments to the net provision of services for non-cash movements

2014-2015		2015-2016
£m		£m
(70.916)	Depreciation, amortisation, impairment and revaluations	(67.405)
(2.311)	(Increase)/decrease in impairment provision for bad debts	(1.849)
(4.234)	(increase)/decrease in creditors	(1.832)
8.598	Increase/(decrease) in debtors	(11.611)
0.186	Increase/(decrease) in inventories	(0.316)
(17.343)	Pension (liability)/asset	(16.362)
(3.610)	Carrying amount of non-current assets sold	(5.967)
0.170	Other non-cash items charged to the net surplus or deficit on the provision of services	0.374
(89.460)	Adjustment to net (surplus)/deficit on the provision of services for non – cash movements	(104.968)

29b. Cash flow statement: investing activities

2014-2015		2015-2016
£m		£m
66.348	Purchase of property, plant and equipment, investment property and intangible assets	47.438
-	Purchase of short-term and long-term investments	42.204
(3.088)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4.840)
(2.640)	Proceeds from short-term and long-term investments	-
(25.477)	Other receipts from investing activities	(26.411)
35.143	Net cash flows from investing activities	58.391

29c. Cash flow statement: financing activities

2014-2015		2015-2016
£m		£m
2.543	Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts	2.616
14.604	Repayment of short-term and long-term borrowing	6.610
17.147	Net cash flows from financing activities	9.226

29d. Cash flow statement: interest paid and received

The Net cash flow from operating activities in Note 29a includes the following elements of interest paid and received:

2014-2015		2015-2016	
£m		£m	
(1.235)	Interest received	(1.537)	
13.486	Interest paid	12.806	
6.534	Interest element of finance lease and PPP payments	6.342	
18.785		17.611	

Note 30 Trading operations

The Council's trading operations are required to operate in a commercial environment, with income being generated from other parts of the Council or from other organisations. In the course of 2013-2014, the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) issued revised guidance with regards the classification of trading operations as "significant"; the implication of this classification being that under the Local Government in Scotland Act 2003 there is a statutory requirement to maintain separate accounts and to break even financially over a rolling three year period. In light of this revised guidance, the Council reviewed the status of the trading operations it undertakes. The Council agreed that the existing two significant trading operations – Building Services and Roads Services - no longer met the relevant criteria to be classed as such. Therefore this note has been revised to account for all trading operations as non-significant, however the trading accounts are produced for management purposes and are therefore disclosed.

		2013-2014	2014-2015	2015-2016	Total of last three years
		£m	£m	£m	£m
Building Services	Turnover	17.882	17.373	17.507	52.762
	Expenditure	16.581	16.876	16.920	50.377
	Surplus	1.301	0.497	0.587	2.385
Roads Services	Turnover	4.893	4.441	4.884	14.218
	Expenditure	4.766	4.296	4.751	13.813
	Surplus	0.127	0.145	0.133	0.405
Catering	Turnover	5.178	5.772	5.696	16.646
	Expenditure	4.749	5.316	5.239	15.304
	Surplus	0.429	0.456	0.457	1.342
Transport Workshop	Turnover	2.996	3.252	3.057	9.305
	Expenditure	2.496	2.733	2.543	7.772
	Surplus	0.500	0.519	0.514	1.533
Total for all trading operations	Turnover	30.949	30.838	31.144	92.931
	Expenditure	28.592	29.221	29.453	87.266
	Surplus	2.357	1.617	1.691	5.665

The surplus on these trading operations has been taken to the Council's **comprehensive income and expenditure statement**.

Note 31 Agency services

The Council bills and collects non-domestic rates on behalf of the Scottish Government from ratepayers situated within Renfrewshire Council and East Renfrewshire Council. The Council also bills and collects, along with its own council tax, domestic water and sewerage charges on behalf of Scottish Water.

2014-2015		2015-2016	
£m		£m	
106.316	Scottish Government - Contributions (to) or from the non-domestic rates pool	102.915	
14.515	Non-domestic rates collected: East Renfrewshire	14.384	
0.055	Service income from East Renfrewshire Council for collection of non-domestic rates	0.055	
25.811	Domestic water and sewerage charges collected	26.764	
25.811	Domestic water and sewerage charges paid over to Scottish Water	26.764	
0.636	Service income from Scottish Water for collection of domestic water and sewerage charges	0.689	
-	Paisley First Business Improvement District	0.010	

Note 32 Related parties

The council's related parties are those bodies or individuals that have the potential to control or significantly influence the council, or to be controlled or significantly influenced by the council, or where those individuals or bodies and the council are subject to common control. The council is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties. Disclosure of this information allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

Central and Scottish Government

Central and Scottish Government have the potential to influence the general operations of the council, being responsible for providing the statutory framework within which the council operates. The Scottish Government provides the majority of the council's funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties such as council tax billing. Grants received from the Scottish Government are set out in the analysis in Note 10. Grant conditions outstanding at 31 March 2016 are shown in Note 9.

Elected Members

Elected Members have direct control over the Council's financial and operating policies. The total of Members' allowances paid is shown in the Remuneration Report. Details of Elected Members' interests are available on the Council website, www.renfrewshire.gov.uk. Services to the value of £1.061 million were commissioned from three companies in which three elected members had an interest. Contracts were entered into in full compliance with the Council's contract standing orders. Services totalling £0.107 million were commissioned from two organisations in which one elected member has a non-financial interest. The relevant member played no role in the decision relating to services commissioned. One elected member is employed by Renfrewshire Leisure Ltd (RLL). This member has declared this interest and recuses themselves from any Board or Committee meeting where items pertaining to RLL are under discussion.

The Council also has interests in several Joint Boards and Committees as outlined in the Group Accounts Notes G1 and G2.

Note 33 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2015-2016 were £0.349 million (£0.349 million in 2014-2015). There were no fees paid to Audit Scotland in respect of any other services.

Note 34 Pension schemes accounted for as defined contribution schemes

Renfrewshire Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019. Renfrewshire Council has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Renfrewshire Council is unable to identify its share of the underlying assets and liabilities of the scheme. The employer contribution rate from 1 April 2015 was 14.9% of pensionable pay, increasing to 17.2% from 1 September 2015. While the employee rate applied is a variable it will provide an actuarial yield of 9.6% of pensionable pay. At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers' pension contributions for fifteen years from 1 April 2015. This contribution is included in the 17.2% employers' contribution rate.

Based on the proportion of employer contributions paid in 2014-2015, Renfrewshire Council's level of participation in the scheme is 2.7%. The Council paid £9.688 million (£9.049 million in 2014-2015) for employer's contributions to the Scottish Public Pensions Agency. £0.483 million of expenditure (£0.548 million in 2014-2015) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.8% of teachers' pensionable pay (0.9% in 2014-2015).

Note 35 Defined benefit pension schemes**(i) Participation in pension schemes**

The pension scheme for teachers – the Scottish Teachers' Superannuation Scheme – is explained in Note 34 whilst this note relates exclusively to the pension scheme for all other employees – the Local Government Pension Scheme.

The Local Government Pension Scheme in Scotland (LGPS) is a funded, defined benefit, statutory occupational pension scheme. It is regulated by the Scottish Public Pensions Agency, but is administered locally by fund administering authorities through regional pension funds. For Renfrewshire Council, the fund administering authority is Glasgow City Council and the regional pension fund is the Strathclyde Pension Fund. As a funded scheme, the council and employees pay contributions into the fund, calculated at a level intended to balance the scheme's pension liabilities with the scheme's investment assets. The statutory nature of the fund means that the post-employment benefits are defined and set out in law. The Strathclyde Pension Fund is a multi-employer fund and it is possible for each employer to identify its own share of the assets and liabilities of the fund on a consistent and reasonable basis.

The principal risks to the scheme are assumptions relating to longevity, inflation, and investment performance; in addition statutory changes to the scheme. These risks are mitigated to an extent by statutory requirements limiting charges to the Council's general fund.

The Council has additional liabilities for unfunded discretionary pension payments outside the main schemes such as arrangements for the award of discretionary post-employment benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

(ii) Transactions relating to post-employment benefits

The council accounts for post-employment benefits in the **comprehensive income and expenditure statement** as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and accounting for investment returns on any resources set aside to meet the costs. However, the charge according to statutory regulations that is required to be made against the General Fund Balance and the Housing Revenue Account Balance is based upon the employer contributions payable by the council to the pension fund in the year. This requires an adjustment to be made in the **movement in reserves statement** to remove the cost (according to generally accepted accounting practices) of post-employment benefits, and replace that cost with the value of employer contributions payable to the fund in the year. The following transactions have been made in the **comprehensive income and expenditure statement** and the General Fund Balance via the **movement in reserves statement** during the year:

2014-15		2015-16
£m		£m
	<i>Included within net cost of services:</i>	
28.525	Current service cost	31.639
4.575	Past service cost/(gain)	4.598
(4.482)	Losses or (gains) on curtailments and settlements	(7.356)
	<i>Included within financing and investment income and expenditure:</i>	
48.207	Interest cost	40.507
(37.634)	Expected return on scheme assets	(30.285)
39.191	Total of LGPS post-employment benefits charged to the surplus or deficit on the provision of services	39.103
	<i>Included within other comprehensive income and expenditure:</i>	
	Remeasurement of the Net Defined Benefit Liability comprising:	
(46.577)	Return on Assets excluding amounts included in net interest	6.088
28.975	Actuarial gains and losses arising on changes in Demographic Assumptions	-
126.529	Actuarial gains and losses arising on changes in Financial Assumptions	(111.433)
(51.912)	Actuarial gains and losses arising on changes in Other Assumptions	(15.379)
96.206	Total of LGPS post-employment benefits charged to the comprehensive income and expenditure statement	(81.621)
	<i>Movement in reserves statement:</i>	
57.015	Actuarial losses or (gains)	(120.724)
39.191	Reversal of items relating to post-employment benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	39.103
(21.848)	Employer contributions and direct payments to pensioners payable in the year	(22.741)
74.358	Movement in the year on the Pension Reserve	(104.362)

The cumulative amount of actuarial gains and losses recognised in the **comprehensive income and expenditure statement** as at 31 March 2016 is a loss of £202.427 million (loss of £323.151 million as at 31 March 2015).

(iii) Assets and liabilities relating to post-employment benefits

Renfrewshire Council's share of the defined benefit obligation (that is, the scheme liabilities) and of the scheme assets in the Strathclyde Pension Fund has been assessed by Hymans Robertson LLP, the Fund's independent actuaries. The assessment indicates that, as at 31 March 2016, the defined benefit obligation exceeded scheme assets by £212.702 million (£317.064 million as at 31 March 2015). The defined benefit obligation is valued on an actuarial basis using the "projected unit credit" method, which estimates the pensions that will be payable in future years (dependent on assumptions about mortality rates, salary levels and other factors) discounted to their present value. The discount rate used at 31 March 2016 was 3.5% based on the indicative rate of return on high quality corporate bonds. Scheme assets are valued at fair value which, in the case of marketable securities, is market value using the current bid price. Where no market price is available, the fair value of scheme assets is estimated. The valuations are based on the latest formal valuation of the Strathclyde Pension Fund which was carried out as at 31 March 2014.

The common position for employers participating in the Strathclyde Pension Fund is that, based on a snapshot valuation as at 31 March 2016, a net pension liability is disclosed as a result of prevailing market conditions at that date. The net pension liability of £212.702 million represents a reduction of £104.362 million between 31 March 2015 and 31 March 2016. The net pension liability has a substantial impact on the net worth of the council as recorded in the **balance sheet**. However, statutory arrangements for funding the deficit mean that the financial position of the council remains assured. The deficit on the Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund's actuaries.

Local government legislation provides that local authorities have an obligation to meet the expenditure of the joint boards of which they are constituent members. As a consequence, Renfrewshire Council has additional liabilities arising from the pension scheme deficits of the Renfrewshire Valuation Joint Board. In accordance with accounting regulations, the group accounts include a share of the post-employment benefits transactions, defined benefit obligations and scheme assets of this joint board. Further information can be found in the annual report and accounts of each joint board.

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching (ALM) strategy.

(iv) Movement in defined benefit obligation (scheme liabilities)

The following is a reconciliation of the 2015-2016 opening and closing balances of the present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation (that is, scheme liabilities).

2014-15		2015-16	
£m		£m	
1,119.216	Opening balance at 1 April	1,276.378	
28.525	Current service cost	31.639	
48.207	Interest cost	40.507	
6.188	Member contributions	6.106	
103.592	Actuarial losses or (gains)	(126.812)	
4.575	Past service cost	4.598	
(4.482)	Estimated benefits paid: unfunded	(22.700)	
(29.443)	Estimated benefits paid: other	(31.779)	
1,276.378	Closing balance at 31 March	1,177.937	

(v) Movement in scheme assets

The following is a reconciliation of the 2015-2016 opening and closing balances of the fair value of Renfrewshire Council's share of the Strathclyde Pension Fund's scheme assets.

2014-15		2015-16	
£m		£m	
876.510	Opening balance at 1 April	959.314	
37.634	Expected return on scheme assets	30.285	
6.188	Member contributions	6.106	
21.848	Employer contributions	22.741	
4.482	Contributions in respect of unfunded benefits	4.769	
46.577	Actuarial (losses) or gains	(6.088)	
(4.482)	Estimated benefits paid: unfunded	(20.113)	
(29.443)	Estimated benefits paid: other	(31.779)	
959.314	Closing balance at 31 March	965.235	

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy as provided by the administering authority. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets from 1 April to 31 December 2015 was (0.3%).

The fair value of the assets held in the scheme may be analysed as follows:

31 March 2015			31 March 2016		
Quoted Prices in active markets	Prices not quoted in active markets	Total	Quoted Prices in active markets	Prices not quoted in active markets	Total
£m	£m	£m	£m	£m	£m
351.682	0.724	352.406	351.171	0.761	351.932
-	0.005	0.005	-	0.001	0.001
-	93.348	93.348	-	93.890	93.890
-	87.646	87.646	-	103.694	103.694
10.452	391.592	402.044	8.726	373.498	382.224
0.294	-	0.294	0.234	-	0.234
-	23.571	23.571	32.230	1.030	33.260
362.428	596.886	959.314	392.361	572.874	965.235
					Fair value of scheme assets

(vi) Scheme history: analysis of defined benefit obligation and scheme assets

The council's share of the accumulated deficit or surplus in the scheme is shown below. The analysis shows the nature of various elements of the council's share of the scheme's defined benefit:

31 March 2015		31 March 2016
£m		£m
	Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - funded liabilities:	
(610.383)	Current employee members	(572.748)
(104.298)	Pre-local government reorganisation (1996) liabilities	(93.604)
(100.743)	Deferred pensioners	(88.502)
(369.785)	Pensioners	(337.189)
(1,185.209)	Defined benefit obligation - funded liabilities	(1,092.043)
	Present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation - unfunded liabilities:	
(75.447)	Retirals from Renfrewshire Council	(71.896)
(15.722)	Retirals pre-local government reorganisation (1996)	(13.998)
(91.169)	Defined benefit obligation - unfunded liabilities	(85.894)
(1,276.378)	Present value of defined benefit obligation	(1,177.937)
959.314	Fair value of scheme assets	965.235
(317.064)	Net liability arising from defined benefit obligation	(212.702)

Basis for estimating assets and liabilities

The following table shows the principal assumptions used by Hymans Robertson LLP, the Fund's independent actuaries, to estimate the council's post-employment benefits transactions for 2015-2016, and the council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2016:

31 March 2015		31 March 2016
3.2%	Discount rate for defined benefit obligation	3.5%
3.2%	Long-term expected rate of return on scheme assets*	3.5%
4.3%	Rate of increase in salaries	4.2%
2.4%	Rate of increase in pensions	2.2%
2.4%	Rate of inflation	2.2%
	Mortality assumptions:	
	Longevity at age 65 for current pensioners:	
22.1 years	Men	22.1 years
23.6 years	Women	23.6 years
	Longevity at age 65 for future pensioners:	
24.8 years	Men	24.8 years
26.2 years	Women	26.2 years
	Commutation assumptions - percentage of the maximum additional tax-free cash (per HM Revenue & Customs limits) converted from annual pension into retirement lump sum:	
50%	for pre-April 2009 service	50%
75%	for post-April 2009 service	75%

*The expected rates of return are set equal to the discount rate as per IAS19

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

Impact on the Defined benefit Obligation in the Scheme

	Movement in Employer Liability	
	£m	%
Longevity (increase or decrease by 1 year)	35.338	3%
Salary Increase Rate (increase or decrease by 0.5%)	41.248	4%
Pension Increase Rate (increase or decrease by 0.5%)	76.324	6%
Real Discount Rate (decrease or increase by 0.5%)	119.921	10%

Impact on the Authority's cash flows

An objective of the Fund is to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. Employers' and employees' contributions have been determined so that rates are standard across all participating employers. The rate for employer contributions has been set at 19.3% for 2015-2016 to 2017-2018.

The total contributions expected to be made by the council to the Strathclyde Pension Fund in the forthcoming year to 31 March 2017 is £19.385 million. The weighted average duration of the defined benefit obligation is 18.6 years.

Note 36 Contingent assets and liabilities

The Council has agreed repayment terms with a company relating to a prior year land sale, whereby the interest on the outstanding balance owed to the Council only becomes payable after a certain period of time has elapsed. The interest accruing in this event is viewed as a contingent asset.

Following recent Employment Tribunal decisions, the Council recognises a contingent liability for potential historic claims related to enhanced holiday payments. Further tribunal and legal decisions are anticipated and this will provide clarity with regards to potential costs to the Council.

The Council has been notified of a number of contractor claims for additional costs incurred on a construction contract. The Council disputes the claims, which may be referred for arbitration. The Council recognises a contingent liability for potential costs which may be incurred to resolve this dispute.

Housing Revenue Account income and expenditure statement

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a revenue account for local authority housing provision in accordance with the Housing (Scotland) Act 1987. The Housing Revenue Account income and expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the **movement on the Housing Revenue Account statement**.

2014-2015		2015-2016	
£m		£m	£m
	<i>Expenditure:</i>		
11.489	Repairs and maintenance	11.514	
14.768	Supervision and management	12.504	
30.641	Depreciation and impairment of non-current assets	32.434	
0.098	Increase or (decrease) in the allowance for bad debts	(1.059)	
1.306	Other expenditure	1.563	
58.302			56.956
	<i>Income:</i>		
(46.640)	Dwelling rents	(46.178)	
(1.303)	Non-dwelling rents	(1.329)	
(0.377)	Housing Support Grant	-	
(0.352)	Other income	(0.983)	
(48.672)			(48.490)
9.630	Net cost of HRA services as included in the comprehensive income and expenditure statement		8.466
0.055	HRA share of corporate and democratic core		0.055
0.333	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to a specific service.		0.133
10.018	Net cost of HRA services		8.654
	<i>HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement:</i>		
(0.153)	(Gain) or loss on sale of HRA non-current assets		(0.252)
6.793	Interest payable and similar charges		6.967
(0.425)	Interest and investment income		(0.481)
(0.416)	Income from trading operations		(0.486)
0.769	Pensions interest cost and expected return on pensions assets		0.679
16.586	(Surplus) or deficit for the year on HRA services		15.081

Movement on the Housing Revenue Account statement

This statement shows the movement in the year on the Housing Revenue Account (HRA) Balance. The surplus or deficit for the year on the HRA income and expenditure statement represents the true economic cost of providing the council's HRA services, more details of which are shown in the HRA income and expenditure statement itself. The adjustments between accounting basis and funding basis under regulations detail the adjustments that are made to the HRA income and expenditure, as recognised by the council in the year in accordance with proper accounting practice, to the statutory amounts required to be charged to the HRA Balance for dwellings rent setting purposes.

2014-2015		2015-2016			
£m		£m	£m	£m	£m
(11.245)	Balance on the HRA at the end of the previous year				(10.645)
16.586	(Surplus) or deficit for the year on the HRA income and expenditure statement			15.081	
	<i>Adjustments between accounting basis and funding basis under regulations:</i>				
0.259	Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements		0.274		
0.153	Reverse out gain or (loss) on sale of HRA non-current assets		0.252		
	HRA share of contributions to or (from) the Pension Reserve:				
(3.177)	Reverse out net charges made for post-employment benefits in accordance with IAS19	(2.912)			
1.590	Pensions cost chargeable for the year in accordance with statutory provisions: employer's contributions payable to Strathclyde Pension Fund	1.510			
(1.587)	HRA share of contributions to or (from) the Pension Reserve		(1.402)		
0.024	HRA share of contributions to or (from) the Employee Statutory Adjustment Account		(0.033)		
2.017	Capital expenditure funded by the HRA		1.836		
	Transfer to or (from) the Capital Adjustment Account:				
(30.641)	Reverse out depreciation and impairment losses on non-current assets	(32.434)			
0.065	Reverse out credits made for capital grants	0.530			
12.167	Loans fund principal contribution from the HRA	13.213			
(18.409)	Transfer to or (from) the Capital Adjustment Account		(18.691)		
(17.543)	Total of adjustments between accounting basis and funding basis under regulations			(17.764)	
(0.957)	Net (increase) or decrease before transfers to or from reserves			(2.683)	
1.557	Transfers to or (from) reserves			3.089	
0.600	(Increase) or decrease in the year on the HRA				0.406
(10.645) *	Balance on the HRA at the end of the current year				(10.239)

* £3.432m of the £10.239m balance has been earmarked for Welfare Reform support.

Notes to the Housing Revenue Account income and expenditure statement

1. The number and types of dwelling in the council's housing stock

The Council was responsible for managing 12,188 dwellings during 2015-2016 (12,344 in 2014-2015). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties.

2014-2015			2015-2016		
Number at 31 March 2015	Average weekly rent £	Type of dwelling	Number at 31 March 2016	Average weekly rent £	
419	56.28	One-apartment	417	58.65	
3,660	64.15	Two-apartment	3,662	66.73	
5,975	72.74	Three-apartment	5,863	75.26	
2,074	81.30	Four-apartment	2,051	84.26	
216	87.15	Five+apartment	215	90.78	
12,344		Total	12,208		

2. Gross rent income

This is the total rental income chargeable for the year and includes a deduction for voids (£1.066 million in 2015-2016 and £1.403 million in 2014-2015), but excludes irrecoverables and bad debts. Average rents were £73.67 per week in 2015-2016 (£71.18 in 2014-2015). The total rent income for 2015-2016 reflects the decision of the Council to charge only a nominal rent in respect of initiative voids.

3. The amount of rent arrears

At 31 March 2016 total rent arrears amounted to £2.247 million (£2.600 million at 31 March 2015). This is 4.6% of the total value of rents due at 31 March 2016.

4. The provision considered to be necessary in respect of uncollectable rent arrears

In the financial year 2015-2016 the rental bad debt provision has been decreased by £0.651 million (£0.446 million increase during 2014-2015). The provision to cover the potential loss of income stands at £1.778 million at 31 March 2016. This is 3.7% of the total value of rents due at that date.

5. The nature and amount of any prior year items not disclosed in the statement

NIL

Councils raise taxes from residents by way of a property tax – the council tax – which is based on property values. Each dwelling house in a local authority area is placed into one of eight valuation bands, “A” to “H”. The council declares an annual charge for band D properties and all other properties are charged a proportion of this – lower valued properties pay less, higher valued properties pay more. The council tax income account shows the gross income raised from council taxes levied and deductions made under statute. The Council Tax Reduction Scheme represents a discount introduced across Scotland following the abolition of Council Tax Benefits as part of the UK government’s welfare reform programme. The resultant net income is transferred to the council’s comprehensive income and expenditure statement.

2014-2015		2015-2016	
£m		£m	
92.833	Gross council tax levied	93.658	
(13.187)	Council tax reduction scheme	(12.623)	
(13.634)	Other discounts and reductions	(13.751)	
(1.518)	Write-off of uncollectable debts and allowance for impairment	(1.548)	
(0.189)	Adjustment to previous years’ community charge and council tax	0.412	
64.305	Transfer to the comprehensive income and expenditure statement	66.148	

Calculation of the council tax

Dwellings are valued by the Assessor and placed within valuation bands ranging from the lowest “A” to the highest “H”. The council tax base is the number of chargeable dwellings across all valuation bands (adjusted for dwellings where discounts apply), after providing for non-payment, expressed as an equivalent number of band D dwellings. The band D council tax charge is calculated using the council tax base, and this in turn fixes the charge for each of the other bands, which are based on pre-determined proportions relative to the band D charge. The band D charge for 2015-2016 was £1,164.69 (unchanged from 2014-2015).

In 2015-2016 if only one person over 18 lived in a property a discount of 25% was applied. From 1 April 2013 a continuous discount of 10% was available for furnished properties which are not anyone’s main home, for example second and holiday homes. Discounts of 50% were made for unoccupied property for a period of up to six months, with a continuous discount of 10% available thereafter. Certain persons are disregarded for Council Tax purposes, including people who are in detention, students and people who are severely mentally impaired. Reductions in council tax payable are also available for people with disabilities.

Charges for water and sewerage services are the responsibility of Scottish Water. Renfrewshire Council collects total monies and makes a precept payment to Scottish Water on the basis of collection levels based on a pre-determined formula. The figures below exclude the water and sewerage charges.

Annual council tax charges

2015-2016	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£	776.46	£ 905.87	£ 1,035.28	£ 1,164.69	£ 1,423.51	£ 1,682.33	£ 1,941.15	£ 2,329.38

Calculation of the council tax base

2015-2016	Number of dwellings	Number of exemptions	Disabled relief	Discounts of 25%	Discounts of 50%	Total equivalent dwellings	Ratio to Band D	Band D equivalents
Band A	13,763	1,777	14	8,273	439	9,796	6:9	6,531
Band B	25,629	1,392	112	13,143	407	20,712	7:9	16,109
Band C	14,427	465	76	5,832	158	12,398	8:9	11,020
Band D	11,628	253	49	3,924	119	10,352	1:1	10,352
Band E	10,396	153	66	2,395	76	9,587	11:9	11,718
Band F	5,875	73	47	999	35	5,507	13:9	7,955
Band G	3,490	95	19	727	28	3,180	15:9	5,300
Band H	216	15	0	31	9	189	18:9	378
Total	85,424	4,223	383	35,324	1,271	71,721		69,363
Band A dwellings subject to disabled relief								7
Class 17 and 24 dwellings								87
Sub-total								69,457
Provision for non-payment and future award of discounts and reliefs								(2,543)
Council tax base								66,914

This account is an agent's statement that reflects the statutory obligation for those councils who issue bills to non-domestic rate payers to maintain a separate **non-domestic rate account**. The account shows the rates collected from non-domestic rate payers during the year. Any difference between the rates collected and the amount the council is guaranteed to receive under the national pooling arrangements is adjusted via the Scottish Government's general revenue grant to the council. Non-domestic rate income is redistributed from the national non-domestic rate pool in proportions based on the prior year mid-year income returns net of prior year adjustments. In 2012-2013 the Scottish Government introduced the Business Rates Incentivisation Scheme (BRIS) which allows councils, where an agreed target income figure is exceeded, to retain 50% of the 'above target' income.

2014-2015		2015-2016	
£m		£m	
112.792	Gross rates levied	113.087	
(21.132)	Reliefs and other deductions	(20.173)	
(1.801)	Write-off of uncollectable debts and allowance for impairment	(1.847)	
89.859	Net non-domestic rate income	91.067	
(5.441)	Adjustment to previous years' non-domestic rates	2.138	
21.898	Contribution (to) or from the national non-domestic rate pool	9.710	
-	Non-domestic rate income retained by authority (BRIS)	0.068	
106.316	Transfer to comprehensive income and expenditure statement	102.983	

The nature and amount of each rate fixed

The non-domestic rates charge for each subject is determined by the rateable value placed upon it by the Assessor, multiplied by the rate per pound (the "rate poundage") set each year by the First Minister for Scotland. For 2015-2016 the charge was 48.0 pence in the pound. From 1 April 2010 the Scottish Government amended the existing Small Business Bonus Scheme (SBBS). Under the SBBS properties with a rateable value up to and including £10,000 are entitled to a 100% reduction in their business rates. Properties with a rateable value of between £10,001 and £12,000 receive a 50% reduction and properties with a rateable value of between £12,001 and £18,000 receive a 25% reduction. This allows a business with two or more properties with a combined rateable value of under £35,000 to qualify for relief. The relief is 25% for properties with an individual rateable value less than £18,000. For properties with a rateable value over £35,000 a supplement of 1.3 pence in the pound was added as per the Non-domestic Rates (Levying) (Scotland) Regulations 2004 as amended.

Analysis of Renfrewshire Council's rateable values

		2015-2016	
		£m	£m
Rateable value at 1 April 2015:	Commercial	101.596	
	Industrial and freight transport	29.588	
	Education and public service	27.942	
	Communications	28.779	
	Others	47.276	
			235.181
Running roll (full-year rateable value)			0.676
Rateable value at 31 March 2016			235.857
Wholly exempt subjects			(1.684)
Net rateable value at 31 March 2016			234.173

Annual Accounts 2015-2016 Group Movement in Reserves Statement

The **group movement in reserves statement** shows the movement in the year on the different reserves held by the council's group, analysed into the council's usable reserves, the council's unusable reserves and the council's share of the reserves of the subsidiaries, associates and joint ventures within the group. Further explanation about this statement can be found on page 25.

	Note	Usable reserves				Council's unusable reserves	Council's total reserves	Council's share of reserves of subsidiaries, associates and JV's	Total reserves
		General Fund Balance	Housing Revenue Account Balance	Revenue statutory funds	Capital Receipts Reserve	Capital statutory funds	Council's Total usable reserves		
		£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2014 carried forward (restated)		52.925	11.245	2.856	3.208	22.543	92.777	38.387	738.908
<i>Movement in reserves during 2013-2014:</i>									
Surplus or (deficit) on the provision of services		10.973	(16.586)	-	-	-	(5.613)	(2.218)	(7.831)
Other comprehensive income and expenditure		-	-	-	-	-	-	(0.394)	(53.269)
Total comprehensive income and expenditure		10.973	(16.586)	-	-	-	(5.613)	(2.612)	(61.100)
Adjustments between group accounts and council accounts	G5	(3.520)	-	-	-	-	(3.520)	3.520	-
Net increase or (decrease) before transfers		7.453	(16.586)	-	-	-	(9.133)	0.908	(61.100)
Adjustments between accounting basis and funding basis under regulations	7	3.379	17.543	-	0.552	-	21.474	-	-
Net increase or (decrease) before transfers to other statutory reserves		10.832	0.957	-	0.552	-	12.341	0.908	(61.100)
Transfers to or (from) other statutory reserves	11	(4.903)	(1.557)	(0.003)	-	6.463	-	-	-
Increase or (decrease) in 2013 - 2014		5.929	(0.600)	(0.003)	0.552	6.463	12.341	0.908	(61.100)
Balance at 31 March 2015 carried forward (restated)		58.854	10.645	2.853	3.760	29.006	105.118	39.295	677.808
<i>Movement in reserves during 2014-2015:</i>									
Surplus or (deficit) on the provision of services		26.624	(15.081)	-	-	-	11.543	(6.736)	4.807
Other comprehensive income and expenditure		-	-	-	-	-	-	4.203	212.701
Total comprehensive income and expenditure		26.624	(15.081)	-	-	-	11.543	(2.533)	217.508
Adjustments between group accounts and council accounts	G5	(7.545)	-	-	-	-	(7.545)	7.545	-
Net increase or (decrease) before transfers		19.079	(15.081)	-	-	-	3.998	5.012	217.508
Adjustments between accounting basis and funding basis under regulations	7	14.140	17.764	-	0.356	-	32.260	-	-
Net increase or (decrease) before transfers to other statutory reserves		33.219	2.683	-	0.356	-	36.258	5.012	217.508
Transfers to or (from) other statutory reserves	11	(30.695)	(3.089)	0.002	-	33.782	-	-	-
Increase or (decrease) in 2014 - 2015		2.524	(0.406)	0.002	0.356	33.782	36.258	5.012	217.508
Balance at 31 March 2016 carried forward		61.378	10.239	2.855	4.116	62.788	141.376	44.307	895.316

2014-2015				2015-2016		
Gross expenditure	Gross income	Net expenditure		Gross expenditure	Gross income	Net expenditure
£m	£m	£m	Note	£m	£m	£m
20.647	(8.614)	12.033	Central services to the public	20.028	(6.595)	13.433
37.531	(12.152)	25.379	Cultural and related services	30.199	(11.771)	18.428
177.965	(21.399)	156.566	Education services	182.596	(21.633)	160.963
31.074	(8.653)	22.421	Environmental services	32.994	(11.031)	21.963
58.302	(48.672)	9.630	Housing services - Housing Revenue Account	56.956	(48.490)	8.466
77.314	(69.277)	8.037	Housing services - other	77.746	(71.060)	6.686
14.500	(8.021)	6.479	Planning and development services	14.804	(8.589)	6.215
25.539	(7.988)	17.551	Roads and transport services	25.016	(5.801)	19.215
153.960	(49.051)	104.909	Social work	146.859	(45.057)	101.802
11.629	(2.444)	9.185	Corporate and democratic core	13.464	(4.182)	9.282
1.168	(0.081)	1.087	Non-distributed costs	(0.001)	(0.080)	(0.081)
609.629	(236.352)	373.277	Net cost of services	600.661	(234.289)	366.372
			Other operating expenditure:			
		0.421	(Gains) or losses on the disposal of non-current assets			1.127
		28.520	Financing and investment income and expenditure	G6		26.964
		(393.069)	Taxation and non-specific grant income	10		(398.857)
		9.149	(Surplus) or deficit on the provision of services			(4.394)
		(1.318)	Share of the (surplus) or deficit on the provision of services by associates and joint ventures	G4		(0.413)
		7.831	Group (surplus) or deficit			(4.807)
		(4.941)	(Surplus) or deficit on the revaluation of non-current assets			(88.633)
		0.643	Impairment (gains) or losses on non-current assets charged to the revaluation reserve			-
		(0.938)	(Surplus) or deficit on the revaluation of available-for-sale financial assets	G15		1.606
		57.291	Actuarial (gains) or losses on pension assets and liabilities			(123.844)
		1.214	Share of other comprehensive income and expenditure of associates and joint ventures	G4		(1.830)
		53.269	Other comprehensive income and expenditure			(212.701)
		61.100	Total comprehensive income and expenditure			(217.508)

Annual Accounts 2015-2016 Group Balance Sheet

The **group balance sheet** shows the value as at 31 March 2016 of the assets and liabilities recognised by the council. The net assets of the council's group are matched by the reserves held by the group. Reserves are reported in two categories: usable reserves, which are those reserves that the group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations; and unusable reserves, comprising those that the group is not able to use to provide services. This category includes reserves that hold unrealised gains/losses in the value of assets where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown as 'adjustments between accounting basis and funding basis under regulations' in the **group movement in reserves statement**.

31 March 2015		Note	31 March 2016
£m			£m
1,213.465	Property, plant and equipment	G9	1,275.392
2.344	Investment property	G10	2.670
39.196	Heritage assets	G11	39.196
0.860	Intangible assets	17	0.829
18.972	Long-term investments	G15	18.019
12.614	Investments in associates and joint ventures	G3	14.476
5.411	Long-term debtors	23	5.730
1,292.862	Long-term assets		1,356.312
24.694	Short-term investments	G15	66.897
1.143	Inventories		0.849
0.931	Short-term Intangible Assets	22	0.468
45.728	Short-term debtors	G12	32.260
29.428	Cash and cash equivalents		39.477
0.756	Short-term assets held for sale	16	0.744
102.680	Current assets		140.695
(68.007)	Short-term borrowing	G15	(52.373)
(61.004)	Short-term creditors	G13	(63.178)
(6.935)	Short-term provisions	26	(7.100)
(135.946)	Current liabilities		(122.651)
(165.932)	Long-term borrowing	G15	(174.799)
(82.546)	Long-term creditors	25	(79.890)
(5.821)	Long-term provisions	26	(5.368)
(3.464)	Liabilities in associates and joint ventures	G3	(3.083)
(320.512)	Other long-term liabilities		(213.030)
(3.513)	Grants Receipts in Advance	9	(2.870)
(581.788)	Long-term liabilities		(479.040)
677.808	Net assets		895.316
127.702	Usable reserves	G7	164.402
550.106	Unusable reserves	G8	730.914
677.808	Total reserves		895.316

The unaudited accounts were issued on 22 June 2016 and the audited accounts were authorised for issue on 29 September 2016.

Balance Sheet signed by:

Alan Russell CPFA
Director of Finance and Resources

The **group cash flow statement** shows the changes in cash and cash equivalents of the council's group during the year. It shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is, borrowing) to the council. The council's share of the cash flows of its associates and joint ventures is disregarded for the purpose of this statement because the council's share of the associates' and joint ventures' reserves is unusable and cannot be used to fund services.

2014-2015		2015-2016	
£m		Note	£m
7.831	Group (surplus) or deficit		(4.807)
(88.190)	Adjust group surplus or deficit for non-cash movements		(104.110)
28.701	Adjust for items included in the group net surplus or deficit that are investing and financing activities		31.300
(51.658)	Net cash flows from operating activities		(77.617)
35.007	Net cash flows from investing activities		58.342
17.147	Net cash flows from financing activities	29c	9.226
0.496	Net (increase) or decrease in cash and cash equivalents		(10.049)
(29.924)	Cash and cash equivalents at the beginning of the reporting period		(29.428)
(29.428)	Cash and cash equivalents at the end of the reporting period		(39.477)

Note G1 Details of the group's combining entities

Renfrewshire Council is represented on the board of a number of organisations. The extent of the council's controlling interest has been reviewed in determining those entities that should be consolidated and incorporated within the group accounts. Those organisations, which have a significant impact on the council's operations, are listed below. The accounting period for all of these bodies is the year to 31 March 2016. In addition to the information included in the group accounts on the preceding pages the accounting regulations require specific disclosures about the combining entities and the nature of their business.

Renfrewshire Leisure Limited, the Paisley, Renfrew and Johnstone Common Good Funds and the charitable trusts administered by Renfrewshire Council (as sole trustee) are treated as subsidiaries in the council's group accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line.

Renfrewshire Leisure Limited is a company limited by guarantee formed in 2014 and registered as a charity in Scotland. Its principal place of business is the Lagoon Leisure Centre, 11 Christie Street, Paisley PA1 1NB. The charity provides leisure and culture facilities within Renfrewshire Council's area to the general public and operates ten leisure centres within Renfrewshire plus a range of cultural service buildings, libraries and community halls. The objectives of the charity are to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire. Any surplus generated by the charity is applied solely to its continuation and development. The accounts of the charity are published separately and may be obtained from the Chief Executive, Lagoon Leisure Centre, 11 Christie Street, Paisley PA1 1NB.

The **group comprehensive income and expenditure statement** includes total net comprehensive income for the year of £2.844 million (2014-2015 £0.820 million) for Renfrewshire Leisure Limited, total net comprehensive expenditure for the year of £0.097 million (2014-2015 (£1.662 million)) for the Paisley, Renfrew and Johnstone Common Good Funds and total net comprehensive income for the year of £0.022 million (2014-2015 £0.038 million) for the charitable trusts.

The **group balance sheet** includes net assets of £0.170 million (2014-2015 £2.673 million) for Renfrewshire Leisure Limited, net assets of £32.040 million (2014-2015 £32.137 million) for the Common Good Funds and net assets of £0.704 million (2014-2015 £0.681 million) for the charitable trusts.

Strathclyde Concessionary Travel Scheme Joint Committee comprises the twelve councils in the west of Scotland and oversees the operation of the concessionary fares scheme for public transport within its area. The costs of the scheme are met by a combination of funding from the twelve constituent councils and by direct grant funding from the Scottish Government. Strathclyde Partnership for Transport administers the scheme on behalf of the committee. In 2015-2016, Renfrewshire Council contributed £0.333 million or 7.83% of the committee's estimated running costs (2014-2015 £0.333 million or 7.83%) and its share of the year-end net asset was £0.131 million (2014-2015 £0.128 million) and is included in the **group balance sheet**. Copies of its accounts may be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Strathclyde Partnership for Transport was formed on 1 April 2006 as the successor to the Strathclyde Passenger Transport Authority. It is a joint committee of the twelve councils in the west of Scotland. In association with the related strategic development committees, the partnership's remit includes the promotion of joint working to set out the policy framework for achieving the most effective management, development and integration of the transport network across boundaries in the medium to longer term through the Regional Transport Strategy. Renfrewshire Council contributed £2.994 million (8.01%) to the committee's estimated running costs in 2015-2016 (2014-2015 £2.994 million or 8.01%) and its share of the year-end net asset was £14.345 million (2014-2015 £12.486 million) and is included in the **group balance sheet**. Copies of its accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Renfrewshire Valuation Joint Board was formed in 1996 at local government re-organisation by Act of Parliament. Its principal place of business is The Robertson Centre, 16 Glasgow Road, Paisley PA1 3QF. The board maintains the electoral, council tax and non-domestic rates registers for the three councils of East Renfrewshire, Inverclyde and Renfrewshire. The board's running costs are met by the three member councils. Surpluses or deficits on the board's operations are shared between the councils. In 2015-2016, Renfrewshire Council contributed £1.282 million or 56.2% of the board's estimated running costs (2014-2015 £1.278 million or 56.0%) and its share of the year-end net liability was £1.587 million (2014-2015

£2.243 million) and is included in the **group balance sheet**. Copies of its accounts may be obtained from the Treasurer to the Renfrewshire Valuation Joint Board, Renfrewshire Council, Renfrewshire House, Paisley PA1 1JB. The following additional disclosures are required under accounting regulations for Renfrewshire Valuation Joint Board because it is a related party to the council.

Renfrewshire Valuation Joint Board	Renfrewshire Council's Share	Renfrewshire Valuation Joint Board	Renfrewshire Valuation Joint Board	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
-	-	Long-term assets	-	-
0.748	0.419	Current assets	0.650	0.366
(0.788)	(0.441)	Current liabilities	(0.688)	(0.387)
(3.966)	(2.221)	Long-term liabilities	(2.786)	(1.565)
(4.006)	(2.243)	Net assets / (liabilities)	(2.824)	(1.586)
2014-2015			2015-2016	
£m	£m		£m	£m
2.655	1.487	Income	2.738	1.539
2.843	1.592	Expenditure	3.016	1.695
(0.188)	(0.105)	Surplus / (deficit) for the year	(0.278)	(0.156)

Park Lane Developments (Renfrewshire) Limited Liability Partnership was formed in 2010 by Renfrewshire Council and Park Lane Real Estate LLP in order to facilitate the regeneration of Paisley town centre through the transformation of the town's former Arnotts store into a mixed use retail, office and residential development. Renfrewshire Council holds 50% (£50) of the issued share capital. The partnership's profit and loss account discloses a net deficit of £0.550 million for the twelve months to 31 March 2016 (2015 £0.239 million) and its balance sheet a negative net worth of £2.824 million at 31 March 2016 (2015 £2.442 million). Copies of the financial statements for the partnership may be obtained from its registered office at 87 Port Dundas Road, Cowcaddens, Glasgow G4 0HF.

Park Lane Developments (Renfrewshire) LLP	Renfrewshire Council's Share	Park Lane Developments (Renfrewshire) Limited Liability Partnership	Park Lane Developments (Renfrewshire) LLP	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
-	-	Long-term assets	-	-
1.857	0.929	Current assets	2.531	1.265
(1.004)	(0.502)	Current liabilities	(2.036)	(1.018)
(3.295)	(1.648)	Long-term liabilities	(3.486)	(1.743)
(2.442)	(1.221)	Net assets / (liabilities)	(2.991)	(1.496)
2014-2015			2015-2016	
£m	£m		£m	£m
0.036	0.018	Income	0.904	0.452
0.275	0.138	Expenditure	1.454	0.727
(0.239)	(0.120)	Surplus / (deficit) for the year	(0.550)	(0.275)

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland. On 27 June 2015, Scottish Ministers legally established **Renfrewshire's Integration Joint Board** as a formal legal partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde. The IJB is responsible for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements. Copies of the financial statements for the IJB may be obtained from Chief Officer, Renfrewshire Integrated Joint Board, Renfrewshire House, Cotton Street, Paisley PA1 1WB.

Renfrewshire Integrated Joint Board	Renfrewshire Council's Share	Renfrewshire Integrated Joint Board	Renfrewshire Integrated Joint Board	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
-	-	Long-term assets	-	-
-	-	Current assets	0.005	0.003
-	-	Current liabilities	(0.005)	(0.003)
-	-	Long-term liabilities	-	-
-	-	Net assets / (liabilities)	-	-
2014-2015			2015-2016	
£m	£m		£m	£m
-	-	Income	0.267	0.134
-	-	Expenditure	0.267	0.134
-	-	Surplus / (deficit) for the year	-	-

Note G2 Non-material interest in other entities

In addition to the combining entities detailed in note G1, the council has a “significant interest” in a further three joint committees. The council’s share of the net assets or liabilities of these joint committees is not material to the fair understanding of the financial position and transactions of the council. Accordingly, the group accounts do not include these organisations. In the interest of transparency, the following disclosures are made concerning the business nature of each organisation.

Clyde Muirshiel Park Authority is a joint committee of three councils – Renfrewshire, Inverclyde and North Ayrshire. The authority is responsible for the management and maintenance of the Clyde Muirshiel Park that extends from Greenock in the north down the Clyde coast to Inverkip, Largs and West Kilbride and inland to Lochwinnoch. Renfrewshire Council contributed £0.490 million (60.7%) to the authority’s estimated running costs in 2015-2016 (£0.521 million in 2014-2015).

Scotland Excel is formed by agreement among local authorities throughout Scotland and is maintained through a joint committee comprising representatives from all of the member councils. Launched on 1 April 2008 as a centre of procurement expertise for the local government sector, it is the largest non-profit making purchasing agency in Scotland. Its aim is to help improve the efficiency and effectiveness of public sector procurement. Renfrewshire Council contributed £0.103 million (3.2%) to the committee’s estimated running costs in 2015-2016 (£0.106 million in 2014-2015).

Glasgow and the Clyde Valley Strategic Development Planning Authority Joint. The committee covers the eight councils within its area. Under the Town and Country Planning (Scotland) Act 1997, each member council not only has responsibilities for local planning matters in its area but also the strategic issues that cover the wider area of the Glasgow and Clyde valley. Accordingly, the committee prepares, monitors and reviews the Strategic Development Plan on behalf of member councils and liaises with central government, Scottish Enterprise and other bodies. Renfrewshire Council contributed £0.072 million (12.5%) to the committee’s estimated running costs in 2015-2016 (£0.072 million in 2014-2015).

Glasgow City Region – City Deal Cabinet is a Joint Committee, the purpose of which is to determine the Strategic Development priorities for the Clyde Valley Region and to monitor and ensure the delivery of the City Deal programme as agreed between member authorities and the UK and Scottish Governments. The City Deal programme aims to deliver a £1.13 billion investment programme through 20 infrastructure projects and will drive innovation and growth through the support of the key sectors, including delivery of labour market and innovation programmes.

Note G3 Summarised financial information of associates and joint ventures

The aggregate value of the assets, liabilities, income and expenditure of the council's associates and joint ventures are shown in the two tables which follow. The net asset figure from these two tables combined (£12.889 million asset less £1.496 million asset = £11.393 million net asset) equates to the net of two figures disclosed in the **group balance sheet** as "investments in associates and joint ventures" (£14.476 million) and "liabilities in associates and joint ventures" (£3.083million).

Aggregate of associates' results	Renfrewshire Council's Share	Associates	Aggregate of associates' results	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
133.014	10.655	Long-term assets	153.447	12.292
132.029	10.930	Current assets	108.417	8.994
(46.701)	(4.117)	Current liabilities	(42.443)	(3.730)
(64.832)	(7.097)	Long-term liabilities	(41.501)	(4.667)
153.510	10.371	Net assets / (liabilities)	177.920	12.889
2014-2015			2015-2016	
£m	£m		£m	£m
97.469	9.074	Income	100.297	9.346
93.579	8.853	Expenditure	90.040	8.658
3.890	0.221	Net surplus / (deficit) for the year	10.257	0.688

Aggregate of joint ventures' results	Renfrewshire Council's Share	Joint ventures	Aggregate of joint ventures' results	Renfrewshire Council's Share
31 March 2015			31 March 2016	
£m	£m		£m	£m
-	-	Long-term assets	-	-
1.857	0.929	Current assets	2.536	1.268
(1.004)	(0.502)	Current liabilities	(2.041)	(1.021)
(3.295)	(1.648)	Long-term liabilities	(3.486)	(1.743)
(2.442)	(1.221)	Net assets / (liabilities)	(2.991)	(1.496)
2014-2015			2015-2016	
£m	£m		£m	£m
6.257	2.818	Income	1.171	0.586
3.792	1.721	Expenditure	1.721	0.861
2.465	1.097	Net surplus / (deficit) for the year	(0.550)	(0.275)

Note on contingent assets, contingent liabilities and capital commitments

The Council is unaware of any material contingent asset or contingent liability as at 31 March 2016 in relation to any of its associates or joint ventures. The Council is unaware that any capital commitments have been entered into by any of its associates or joint ventures as at 31 March 2016, either with the Council itself or with other parties.

Note G4 Material items of group income and expenditure

In order to assist the reader in a better understanding of the impact of the inclusion of the results of the associates and joint ventures, the following tables provide an analysis of the council's share of the material amounts of income and expenditure disclosed in the **group comprehensive income and expenditure statement**.

2014-2015		2015-2016	
£m		£m	
	<i>Share of (surplus) or deficit:</i>		
	<i>Subsidiaries:</i>		
(0.559)	Paisley, Renfrew and Johnstone Common Good Funds	(0.714)	
0.038	Charitable trusts administered by Renfrewshire Council	0.052	
0.537	Renfrewshire Leisure Limited	0.266	
	<i>Associates:</i>		
(0.325)	Strathclyde Partnership for Transport	(0.842)	
(0.001)	Strathclyde Concessionary Travel Scheme Joint Committee	(0.002)	
0.105	Renfrewshire Valuation Joint Board	0.156	
	<i>Joint Ventures:</i>		
(1.217)	Cart Corridor Joint Venture Company Limited	-	
-	Refrewshire Intregation Joint Board	-	
0.120	Park Lane Developments (Renfrewshire) Limited Liability Partnership	0.275	
(1.302)	Aggregate share of (surplus) or deficit	(0.809)	
	<i>Share of other comprehensive (income) and expenditure:</i>		
	<i>Subsidiaries:</i>		
(1.103)	Paisley, Renfrew and Johnstone Common Good Funds	0.811	
-	Charitable trusts administered by Renfrewshire Council	(0.074)	
0.283	Renfrewshire Leisure Limited	(3.110)	
	<i>Associates:</i>		
0.476	Strathclyde Partnership for Transport	(1.017)	
-	Strathclyde Concessionary Travel Scheme Joint Committee	-	
0.738	Renfrewshire Valuation Joint Board	(0.813)	
	<i>Joint Ventures:</i>		
-	Cart Corridor Joint Venture Company Limited	-	
-	Refrewshire Intregation Joint Board	-	
-	Park Lane Developments (Renfrewshire) Limited Liability Partnership	-	
0.394	Aggregate share of other comprehensive (income) and expenditure	(4.203)	

Note G5 Adjustments between group accounts and council accounts

In the **group movement in reserves statement**, adjustments between group accounts and council accounts are required to bring the council's reserve balances back to the amount presented in the council-only figures (before adjustments between accounting basis and funding basis under regulations). This is because intra-group transactions are eliminated when total comprehensive income and expenditure is calculated for the group. The adjustments between group accounts and council accounts can be analysed as follows:

2014-2015		2015-2016	
£m		£m	
0.246	Grants made by the Paisley, Renfrew and Johnstone Common Good Funds to Renfrewshire Council in contribution towards the funding of community events and projects	0.229	
0.059	Governance costs charged to the Paisley, Renfrew and Johnstone Common Good Funds by Renfrewshire Council	0.059	
(0.016)	Interest income received from Renfrewshire Council by the Paisley, Renfrew and Johnstone Common Good Funds	(0.021)	
-	Interest income received from Renfrewshire Council by the charitable trusts administered by Renfrewshire Council	-	
(3.892)	Service charge payable by Renfrewshire Council to Renfrewshire Leisure Limited	(7.830)	
0.084	Charges for services, such as accounting and administration, payable by Renfrewshire Leisure Limited to Renfrewshire Council	0.021	
(0.001)	Interest income received from Renfrewshire Council by Renfrewshire Leisure Limited	(0.003)	
(3.520)	Total adjustments between group accounts and council accounts	(7.545)	

Note G6 Group financing and investment income and expenditure

2014-2015		2015-2016	
£m		£m	
22.098	Interest payable and similar charges	21.453	
10.696	Pensions net interest expense	10.408	
(1.303)	Interest receivable and similar income	(1.626)	
(0.575)	Income and expenditure in relation to investment properties and changes in their fair values	(0.466)	
(0.773)	Other investment income	(1.137)	
(1.623)	Net (surplus) or deficit on trading operations	(1.668)	
28.520	Total financing and investment income and expenditure	26.964	

Note G7 Usable reserves

Usable reserves are those reserves the council's group is able to apply to fund expenditure or reduce taxation, and comprise both capital and revenue reserves. Movements in the revenue reserves during the year are outlined in the **group movement in reserves statement**, however a summary is shown below.

2014-2015		2015-2016	
£m		Note	£m
58.854	General Fund Balance	11	61.378
10.645	Housing Revenue Account Balance	11	10.239
2.853	Revenue statutory funds	11	2.855
3.760	Capital Receipts Reserve	11	4.116
29.006	Capital statutory funds	11	62.788
21.360	Paisley, Renfrew and Johnstone Common Good Funds: unrestricted funds		22.121
0.449	Charitable trusts administered by Renfrewshire Council: usable balances		0.407
0.775	Renfrewshire Leisure Limited: usable reserves		0.498
127.702	Total usable reserves		164.402

Note G8 Unusable reserves

Unusable reserves are those reserves that the council is not able to utilise to provide services. Included within the group's unusable reserves are the unusable reserves of the Paisley, Renfrew and Johnstone Common Good Funds and of the sundry trusts administered by Renfrewshire Council; also included is the council's share of the reserves of the associates and joint ventures within the council's group.

328.457	Revaluation Reserve	12	405.005
0.331	Available for sale Financial Instruments Reserve	12	0.245
543.420	Capital Adjustment Account	12	538.486
(14.882)	Financial Instrument Adjustment Account	12	(14.387)
(317.064)	Pension Reserve	12	(212.702)
(6.867)	Employee Statutory Adjustment Account	12	(7.014)
3.592	Paisley, Renfrew and Johnstone Common Good Funds: available for sale financial instruments reserve		2.072
7.185	Paisley, Renfrew and Johnstone Common Good Funds: revaluation reserve		7.847
0.232	Charitable trusts administered by Renfrewshire Council: revaluation reserve		0.297
-	Renfrewshire Leisure Limited: revaluation reserve		
(3.448)	Renfrewshire Leisure Limited: pension reserve		(0.328)
	<i>Renfrewshire Council's share of the reserves of the associates and joint ventures within the group:</i>		
12.486	Strathclyde Partnership for Transport		14.345
0.128	Strathclyde Concessionary Travel Scheme Joint Committee		0.131
(2.243)	Renfrewshire Valuation Joint Board		(1.587)
(1.221)	Park Lane Developments (Renfrewshire) Limited Liability Partnership		(1.496)
550.106	Total unusable reserves		730.914

Note G9 Property, Plant and Equipment

2015-2016

	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total property, plant and equipment £m	Of which funded by PPP £m
Gross carrying amount at 1 April 2015	485.526	316.195	427.054	267.892	4.948	37.052	1,538.667	86.429
Assets reclassified (to) or from the "held for sale" category	(0.026)	(0.129)	-	-	-	-	(0.155)	-
Other asset reclassifications	(4.227)	(1.571)	7.883	-	(7.669)	5.135	(0.449)	-
Additions	4.393	1.118	15.553	8.546	17.749	-	47.359	0.906
Disposals	(2.194)	(0.569)	(2.271)	-	-	(3.274)	(8.308)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	43.962	3.489	0.594	-	-	(0.758)	47.287	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	0.330	(2.902)	-	-	(0.323)	(2.895)	-
Gross carrying amount at 31 March 2016	527.434	318.863	445.911	276.438	15.028	37.832	1,621.506	87.335
Accumulated depreciation (including accumulated impairment losses) at 1 April 2015	-	52.192	143.481	118.492	-	11.036	325.201	6.609
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	-	-
Depreciation on other reclassifications	(0.145)	(0.985)	0.215	-	-	0.915	-	-
Depreciation charge for the year	16.742	6.474	38.096	5.446	-	0.089	66.847	3.162
Depreciation and impairment on disposals	(0.075)	(0.108)	(2.238)	-	-	(0.027)	(2.448)	-
Depreciation written out to the Revaluation Reserve	(16.522)	(10.029)	(14.193)	-	-	(0.286)	(41.030)	-
Depreciation written out to the surplus or deficit on the provision of services	-	(1.212)	(1.202)	-	-	(0.042)	(2.456)	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses recognised in the surplus or deficit on the provision of services	-	-	-	-	-	-	-	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2016	0.000	46.332	164.159	123.938	-	11.685	346.114	9.771
Balance sheet net carrying amount at 31 March 2016	527.434	272.531	281.752	152.500	15.028	26.147	1,275.392	77.564
Balance sheet net carrying amount at 1 April 2015	485.526	264.003	283.573	149.400	4.948	26.016	1,213.466	79.820

2014-2015

	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Assets under construction	Surplus assets	Total property, plant and equipment	Of which funded by PPP
	£m	£m	£m	£m	£m	£m	£m	£m
Gross carrying amount at 1 April 2014	509.577	332.323	362.040	260.110	15.288	37.934	1,517.272	85.552
Assets reclassified (to) or from the "held for sale" category	(0.106)	-	-	-	-	-	(0.106)	-
Other asset reclassifications	(0.535)	(7.812)	35.281	-	(27.602)	0.668	(0.000)	-
Additions	4.477	3.250	33.097	7.782	17.262	0.246	66.114	0.877
Disposals	(1.421)	(4.821)	(1.577)	-	-	(1.926)	(9.745)	-
Revaluation increases or (decreases) recognised in other comprehensive income and expenditure and taken to the Revaluation Reserve	(26.466)	(1.643)	0.934	-	-	0.170	(27.005)	-
Revaluation increases or (decreases) recognised in the surplus or deficit on the provision of services	-	(5.102)	(2.721)	-	-	(0.040)	(7.863)	-
Gross carrying amount at 31 March 2015	485.526	316.195	427.054	267.892	4.948	37.052	1,538.667	86.429
Accumulated depreciation (including accumulated impairment losses) at 1 April 2014	-	60.774	114.332	113.243	-	11.103	299.452	4.893
Assets reclassified (to) or from the "held for sale" category	-	-	-	-	-	-	-	-
Depreciation on other reclassifications	(0.018)	(5.984)	5.984	-	-	0.018	0.000	-
Depreciation charge for the year	16.983	7.081	33.568	5.249	-	0.064	62.945	3.132
Depreciation and impairment on disposals	(0.047)	(3.609)	(2.579)	-	-	(0.102)	(6.337)	-
Depreciation written out to the Revaluation Reserve	(16.918)	(8.021)	(7.404)	-	-	(0.032)	(32.375)	-
Depreciation written out to the surplus or deficit on the provision of services	-	-	-	-	-	-	-	-
Impairment losses recognised or reversed in other comprehensive income and expenditure and taken to the Revaluation Reserve	-	1.793	(0.713)	-	-	(0.015)	1.065	(1.416)
Impairment losses recognised in the surplus or deficit on the provision of services	-	0.159	0.293	-	-	-	0.452	-
Accumulated depreciation (including accumulated impairment losses) at 31 March 2015	-	52.193	143.481	118.492	-	11.036	325.202	6.609
Balance sheet net carrying amount at 31 March 2015	485.526	264.002	283.573	149.400	4.948	26.016	1,213.465	79.820
Balance sheet net carrying amount at 1 April 2014	509.577	271.549	247.708	146.867	15.288	26.831	1,217.820	80.659

Note G10 Group investment properties

The following items of income and expense have been accounted for in the "financing and investment income and expenditure" line in the **group comprehensive income and expenditure statement**:

2014-2015		2015-2016	
£m		£m	
(0.473)	Rental income from investment properties	(0.454)	
-	Direct operating expenses arising from investment property	-	
(0.473)	Net (gain) or loss	(0.454)	

There are no restrictions on the council's or the common good funds' ability to realise the value inherent in their investment property or on the council's or the common good funds' right to the remittance of income and the proceeds of disposal. Neither the council nor the common good funds have any contractual obligations to purchase, construct or develop investment property, nor do they have contractual obligations in relation to repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties during the year:

2014-2015		2015-2016	
£m		£m	
2.249	Opening Balance at 1 April	2.344	
-	Additions		
-	Assets reclassified (to) or from the "held for sale" category	0.368	
-	Disposals		
0.102	Net gains or (losses) from fair value adjustments	(0.064)	
-	Transfers (to) or from inventories and property, plant and equipment		
(0.007)	Other changes	0.022	
2.344	Closing balance at 31 March	2.670	

Note G11 Group heritage assets

The movement in the fair value of group heritage assets is as follows:

2014-2015		2015-2016	
£m		Note	£m
38.880	Opening Balance at 1 April		39.196
0.316	Additions (at cost)		
-	Assets reclassified (to) or from Community Assets		-
-	Disposals		-
-	Impairment losses		-
-	Revaluations		-
39.196	Closing balance at 31 March		39.196

Included in the above are the heritage assets of the Paisley, Renfrew and Johnstone Common Good Funds. These comprise civic regalia and equipment which have been externally valued on a present value insurance basis at £0.219 million as at 31 March 2016 (£0.219 at 31 March 2015). Further information on the heritage assets other than those of the Paisley, Renfrew and Johnstone Common Good Funds can be found at Note 15.

Note G12 Group short-term debtors

The balances detailed below are composed mostly of the debtors of the council, to which the debtors of Renfrewshire Leisure Limited and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

2014-2015		2015-2016	
£m		£m	£m
24.423	Central government bodies, excluding NHS Scotland		8.107
0.783	Central government bodies: NHS Scotland		0.657
0.644	Other local authorities		1.618
0.015	Public corporations and trading funds		0.001
6.761	HM Revenue and Customs		4.035
	<i>Other entities and individuals:</i>		
13.964	Council tax arrears	14.823	
(9.276)	Council tax arrears impairment	(10.172)	
4.688	Council tax arrears net of impairment		4.651
2.668	Rent arrears	2.305	
(2.429)	Rent arrears impairment	(1.778)	
0.239	Rent arrears net of impairment		0.527
18.115	Trade debtors	20.383	
(11.549)	Trade debtors impairment	(12.641)	
6.566	Trade debtors net of impairment		7.742
1.609	Other debtors	4.922	
-	Other debtors impairment	-	
1.609	Other debtors net of impairment		4.922
45.728	Total short term debtors		32.260

Note G13 Group short-term creditors

The balances detailed below are composed mostly of the creditors of the council, to which the creditors of Renfrewshire Leisure Limited and the Paisley, Renfrew and Johnstone Common Good Funds have been added.

2014-2015		2015-2016
£m		£m
2.839	Central government bodies, excluding NHS Scotland	4.507
0.336	Central government bodies: NHS Scotland	0.748
0.903	Other local authorities	0.828
0.171	Public corporations and trading funds	0.217
5.448	HM Revenue and Customs	5.931
8.934	Strathclyde Pension Fund and Scottish Public Pensions Agency	5.302
8.079	Accrued payrolls	5.643
2.615	PPP finance lease creditors	2.604
-	Other finance lease creditor	-
31.679	Other entities and individuals	37.398
61.004	Total short term creditors	63.178

Note G14 Amounts owing and owed between Renfrewshire Council and its associates and joint ventures

An analysis of the amounts owing and owed between the council and its associates and joint ventures, analysed into amounts relating to loans and amounts relating to other balances, is shown in the table below.

2014-2015		2015-2016
£m		£m
	<i>Amounts owing to Renfrewshire Council:</i>	
3.483	Loans	3.563
0.643	Other balances	1.261
4.126	Total amounts owing to Renfrewshire Council	4.824
	<i>Amounts owed by Renfrewshire Council:</i>	
(0.728)	Loans	(0.636)
(0.009)	Other balances	(0.006)
(0.737)	Total amounts owed by Renfrewshire Council	(0.642)

Note G15 Group financial instruments

Balance sheet carrying amounts of group financial instruments

The following categories of financial instrument are carried in the **group balance sheet**. Those financial instruments that are classified as cash and cash equivalents are not included in this table; Note 24 provides details of these. Additional qualitative information on the various categories of financial instruments can be found at Note 27.

31 March 2015			31 March 2016		
Long-term	Current		Long-term	Current	
£m	£m		£m	£m	
-	24.694	Loans and receivables - fixed term deposits	-	66.897	
3.116	-	Available-for-sale financial assets - insurance fund investments	3.117	-	
15.856	-	Available-for-sale financial assets - Common Good Fund investments	14.902	-	
18.972	24.694	Investments	18.019	66.897	
1.452	0.075	Loans and receivables - loans to other entities and individuals	0.799	0.078	
3.959	40.965	Loans and receivables - trade receivables	3.595	28.867	
5.411	41.040	Debtors	4.394	28.945	
(165.932)	(9.690)	Financial liabilities at amortised cost - Public Works Loan Board borrowing	(154.410)	(14.338)	
-	(54.783)	Financial liabilities at amortised cost - Non-PWLB borrowing ("market debt")	(20.389)	(34.382)	
-	(3.534)	Financial liabilities at amortised cost - borrowing from group entities	-	(3.653)	
(165.932)	(68.007)	Borrowing	(174.799)	(52.373)	
-	(35.928)	Financial liabilities at amortised cost - trade payables	-	(43.698)	
(82.488)	(2.615)	PFI/PPP and finance lease liabilities	(79.883)	(2.604)	
(0.010)	-	Financial guarantees	(0.007)	-	
(82.498)	(38.543)	Creditors	(79.890)	(46.302)	

Fair value of group financial instruments

The available-for-sale financial assets carried on the **group balance sheet** comprise the council's insurance fund investments, the investments of Renfrewshire Leisure Limited, the investments of the Paisley, Renfrew and Johnstone Common Good Funds and the investments of the charitable trusts administered by Renfrewshire Council. The fair value of these investments equates to the market value of the investments as provided by the council's investment manager, Standard Life Wealth Limited.

In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered to be Level 1 being quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date and Level 2 being quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. See table below:-

2015-2016						
	Level 1	Level 2	Carrying Value	Level 1	Level 2	Fair Value
Investments	14.902	70.014	84.916	14.902	70.031	84.933
Debtors	-	34.092	34.092	-	34.142	34.142
Borrowing	-	(226.563)	(226.563)	-	(299.634)	(299.634)
Creditors	-	(127.554)	(127.554)	-	(127.554)	(127.554)

In terms of the fair value measurement hierarchy the financial instruments measured at fair value are considered to be Level 1 being quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date and Level 2 being quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. See table below:- Again, those financial instruments that are classified as cash and cash equivalents are not included in this table: Note 24 provides details of these. The short-term nature of cash and cash equivalents means that their fair value equates to their balance sheet carrying amount. Additional qualitative information on the fair value of financial instruments can be found at Note 27.

Items of income, expense, gain and loss relating to group financial instruments

The following items of income, expense, gain and loss relating to group financial instruments are included within the lines "financing and investment income and expenditure" and "(surplus) or deficit on the revaluation of available-for-sale financial assets" in the **group comprehensive income and expenditure statement**.

2015-2016

	Financial assets: loans and receivables £m	Available-for- sale financial assets £m	Financial liabilities at amortised cost £m	Total £m
Interest expense (including finance lease interest)			17.742	17.742
Realised losses on disposal				-
Impairment losses				-
Fee expense	1.130			1.130
Total expense in the (surplus) or deficit on the provision of services	1.130	-	17.742	18.872
Interest income	(0.689)	(0.001)		(0.690)
Dividend income		(0.670)		(0.670)
Other income	(0.008)	(0.554)		(0.562)
Total income in the (surplus) or deficit on the provision of services	(0.697)	(1.225)	-	(1.922)
Net (gain) or loss on revaluation		1.606		1.606
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	1.606	-	1.606
Net (gain) or loss for the year (in total comprehensive income and expenditure)	0.433	0.381	17.742	18.556

2014-2015

	Financial assets: loans and receivables £m	Available-for- sale financial assets £m	Financial liabilities at amortised cost £m	Total £m
Interest expense (including finance lease interest)	-	-	18.765	18.765
Realised losses on disposal	-	-	-	-
Impairment losses	0.802	-	-	0.802
Fee expense	-	-	-	-
Total expense in the (surplus) or deficit on the provision of services	0.802	-	18.765	19.567
Interest income	(0.552)	(0.001)	-	(0.553)
Dividend income	-	(0.623)	-	(0.623)
Other income	(0.010)	(0.216)	-	(0.226)
Total income in the (surplus) or deficit on the provision of services	(0.562)	(0.840)	-	(1.402)
Net (gain) or loss on revaluation	-	(0.938)	-	(0.938)
(Surplus) or deficit on the revaluation of available-for-sale financial assets (in other comprehensive income and expenditure)	-	(0.938)	-	(0.938)
Net (gain) or loss for the year (in total comprehensive income and expenditure)	0.240	(1.778)	18.765	17.227

Accounting Policies – Renfrewshire Council

The Financial Statements for the year ended 31 March 2016 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Council and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations. The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of non-current assets and financial instruments, and on a going concern basis.

Service Reporting

One of the requirements of the Service Reporting Code of Practice (SeRCOP) is for Councils to show expenditure and income in the Income and Expenditure Statement in generic service groups as prescribed by SeRCOP. The standard expenditure analysis is designed to make inter-authority comparisons more meaningful. The service groups shown in the Comprehensive Income and Expenditure Statement therefore reflect the standard generic groups and not the management of service delivery and budgetary responsibilities as determined by the Council.

Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- i. Revenue from the sale of goods or provision of services is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser or can measure reliably the percentage completion of the transaction, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- ii. Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet. Works are charged as expenditure when they are completed, before which they are carried as assets under construction on the Balance Sheet.
- iii. Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument. Interest receivable and dividend income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- iv. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- v. Suppliers invoices paid in the two weeks following the year-end are accrued together with specific accruals in respect of further material items provided the goods or services were received by 31 March 2016 or relate to services associated with the prior financial year.

Business Improvement District

Following the formation of the Paisley First BID company on 15 January 2015, the Council has entered into an agreement to act as the billing body for the purposes of the Planning etc. (Scotland) Act 2006 and the Regulations and is responsible for the administration, collection and recovery of the BID Levy. As the Council is acting as agent for the BID company, no transactions in relation to the BID levy or BID Revenue Account are included in the Comprehensive Income and Expenditure Statement with the exception of any contribution made by the Council to the BID project, the costs and income related to the collection of the BID levy or any income from the BID company in relation to services provided.

Carbon Reduction Commitment Scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in the initial year of its second phase which ends on 31 March 2019. The UK government announced in 2016 that the CRC energy efficiency scheme will be abolished following the 2018-19 compliance year. The Council is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. energy is used) a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of services and is apportioned on the basis of energy consumption.

Cash and Cash Equivalents

Cash is defined as cash in hand and deposits repayable on demand less overdrafts repayable on demand. Cash equivalents are defined as call accounts, money market funds and instant deposits. Fixed term deposits are not classified as cash or cash equivalents as these are held for investment purposes rather than for meeting short-term cash commitments.

Charges for the Use of Assets

Services are charged for the use of assets no matter how they are financed and this charge includes a provision for depreciation where appropriate.

In the case of the Council's Trading Operations, the charge for the use of assets includes a provision for depreciation plus an interest charge for the actual cost of borrowing for capital expenditure. This accounting treatment fully complies with the specific reporting requirements under the Local Government in Scotland Act 2003 for the Council's Trading Operations.

Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts where they are deemed material.

Employee BenefitsBenefits payable during employment

All salaries and wages earned up to 31 March 2016 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi-leave entitlements earned by employees but not taken before the year end; and which employees may carry forward into the next financial year.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or making an offer to encourage voluntary redundancy. The Council is only demonstrably committed to a termination when it has a detailed formal plan for the termination and it is without realistic possibility of withdrawal.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post employment benefits

The Council participates in two formal pension schemes: the Local Government Pension Scheme which is administered by Strathclyde Pension Fund; and the Scottish Teachers' Superannuation Scheme. Liabilities for the Scottish Teachers' Superannuation Scheme cannot be identified specifically to the Council, therefore the scheme is accounted for as a defined contributions scheme.

The Local Government Pension Scheme is accounted for as a defined benefit scheme in accordance with International Accounting Standard 19 (IAS19) (as revised in 2011). Renfrewshire Council's share of the net pension asset or liability in Strathclyde Pension Fund and a pension reserve are recognised in the Balance Sheet. The Comprehensive Income and Expenditure Statement recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year. Liabilities are included in the Balance Sheet on an actuarial basis using the projected unit method. Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate of return on high quality corporate bonds. Assets are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

Events after the Balance Sheet date

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statements are authorised for issue. There are two types of events:

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period, and the Statements are adjusted to reflect such events
- Non-adjusting events – those that are indicative of conditions that arose after the reporting period, and the Statements are not adjusted.

Events taking place after the date of authorisation for issue are not reflected in the Statements.

Prior Period Adjustments

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Where there has been a change in accounting policy, that change will be applied retrospectively. Where there has been a change in accounting estimate, that change will be applied prospectively. Where a material misstatement or omission has been discovered relating to a prior period, that misstatement or omission will be restated unless it is impracticable to do so.

Financial Instruments

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Included within long-term debtors are a number of interest free pay advances to employees as part of negotiated changes to pay cycles (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the

instrument, resulting in a lower amortised cost than the outstanding principal. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value based on quoted market prices. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg, dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council. For the Council's short-term deposits and most of its other lending, the interest disclosed is the amount receivable for the year in the loan agreement.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus/Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented

in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Income and Expenditure Account in the year of extinguishment. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Guarantees

Financial guarantees are recognised at fair value assessed as the probability of the guarantees being called and the likely amount payable under the guarantees.

Loans Fund

The Council operates a Loans Fund and all loans raised are paid into the Fund. Advances are made to departments to finance capital expenditure during the year. Repayments to the Loans Fund are calculated using the annuity method.

Interest is calculated and allocated to the Comprehensive Income and Expenditure Statement in accordance with Local Authorities Scotland Accounts Advisory Committee's (LASAAC) Guidance Note 2: Statement on the Calculation and Allocation of Loans Fund Interest and Expenses.

Government Grants and other Contributions

Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

Heritage Assets

The Council's heritage assets are held in the museums operated by the Council's Arts and Museum Service (Paisley Museum and Art Gallery, Renfrew Town Hall and Museum, and also in a secure store). The purpose of holding these assets according to the Renfrewshire Council Museums' Statement of Purpose is "to enhance public understanding of the human and natural world, principally by the use of original objects". Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. Purchased

acquisitions are recognised at cost and donated acquisitions are recognised at valuation with reference to appropriate commercial markets. Acquisitions are made in line with the Renfrewshire Council Museums Acquisition and Disposal Policy.

The collections of heritage assets are accounted for as follows:

Art Collection	The collection includes fine, contemporary and applied art works. The collection is included in the balance sheet at market value where this is available (from external valuations provided by suitably experienced and knowledgeable experts) or insurance valuations provided by the relevant collection curator. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Shawl and textile design	The museums hold a collection of approximately 1,000 Paisley-type shawls, and a considerable collection of original designs for shawl manufacture. The collection is included in the balance sheet at insurance valuation which is based on market values. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Natural History	The collection includes vertebrate and invertebrate zoology, botany, geology and microslide collections; in addition to a library of natural history books. The collection is included in the balance sheet at insurance valuation which is based on market values. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Human History	The museums hold collections relating to social history, transport, science (including an important collection of astronomical apparatus in Coats Observatory), archaeology, arms, local archives, numismatics, photography, textiles, ethnography and Egyptology. The collection is included in the balance sheet at insurance valuation which is based on market values. However where an external valuation or cost information is available, or a valuation may be secured at a cost which is not prohibitive relative to the value of the item, then the Council will recognise the asset in the balance sheet at this value. Valuations are undertaken on a cyclical basis (approximately every 3-5 years). The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.

In addition to the museums collections, there are a number of public space statues, monuments, memorials, fountains and outdoor artworks at various locations throughout Renfrewshire. These assets are not generally recognised in the balance sheet. The Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets and the lack of comparable data. However, where reliable cost information can be reasonably obtained, the asset will be included in the balance sheet.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The Museums service will occasionally dispose of heritage assets in accordance with the Renfrewshire Council Museums' Acquisitions and Disposal Policy (a copy of which is available from the Arts and Museums Service). Assets are only disposed of for curatorial reasons (eg the item has deteriorated to such an extent it is no longer suitable for public display) and not with the aim of generating funds. Any proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts. Expenditure incurred in preserving individual items is recognised in the comprehensive income and expenditure statement.

Intangible Assets

The Council accounts for purchased software licences and CRC allowances purchased prospectively as Intangible Assets. Expenditure on intangible assets is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Interests in Companies and Other Entities

The Council has material interests in a charitable company and Joint Boards and Committees that have the nature of subsidiaries and associates under accounting conventions, requiring it to prepare group accounts. In the Council's own single-entity accounts, these interests are not recorded as the Council has no shares in, or ownership of, any of these organisations.

Reflected in the Council's single-entity balance sheet is a 50% share in an Integrated Joint Board and a 50% holding in a limited liability partnership, which is recorded as an investment.

Inventories

Inventories (generally consumable stock) are included in the Balance Sheet at weighted average cost.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

The Council as Lessee***Finance Leases***

Property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The

asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability, and
- a finance charge (debited to the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement. Title to the property, plant or equipment remains with the lessor.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

Lease rentals receivable are apportioned between:

- a capital receipt for the disposal of the asset – applied to write down the Debtor (together with any premiums received), and
- finance income (credited to the Comprehensive Income and Expenditure Statement)

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement.

Overheads and Central Support Costs

The net cost of all central support departments is fully allocated to user departments. The method of allocation is determined by the individual support departments and in many instances is time based.

Corporate & democratic core and direct service activities are differentiated as required by the Code. The Code further defines corporate and democratic core activities into "corporate management" (CM) and "democratic representation and management" (DRM). CM includes all expenses incurred in providing the infrastructure that allows services to be provided. DRM includes all Councillor-related expenses including meetings of the Council and its Boards, officer support to Councillors, advice to voluntary bodies and activities undertaken by Councillors to represent local interests.

PFI Schemes – School Buildings Maintenance and Other Facilities

The Council carries the assets used under PFI contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

The accounting treatment of the PFI scheme is in accordance with IFRIC12 *Service Concession Arrangements*.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating

The cost of assets acquired other than by purchase is deemed to be its fair value. The valuation of work-in-progress is based on cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

Plant, furniture and computer equipment costing less than £9,000 are not treated as fixed assets. This de-minimus level does not apply where certain categories of these assets are grouped together and form part of the approved capital programme. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Comprehensive Income and Expenditure Statement. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- council dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH). Council dwellings are valued using a Beacon Principle (adjusted vacant possession) methodology in accordance with the Royal Institution of Chartered Surveyors (RICS) guidance.
- Vehicles, plant, furniture and equipment – depreciated replacement cost
- Other land and buildings – fair value, determined as the market value amount that would be paid for the asset in its existing use (existing use value – EUV). Operational assets are shown at the lower of net current replacement cost or net realisable value in existing use. Non-operational assets are shown at the lower of net current replacement cost or net realisable value.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. The effective date of any revaluation is 31 March. Valuations are undertaken by the Council Valuer who is MRICS qualified. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured are categorised within the fair value hierarchy as follows:

- Level 1 - quoted prices in active markets for identical assets that the authority can access at the measurement date;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly;
- Level 3 - unobservable inputs for the asset.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life, investment properties and assets that are not yet available for use (ie, assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property of between 10 and 50 years as estimated by the Council Valuer
- vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer based on useful lives of between 3 and 30 years.
- infrastructure – straight-line allocation over 40 years.

General Fund services are charged with depreciation where appropriate for the use of assets no matter how they are financed. Depreciation on the Council's non-operational assets is not charged to service revenue accounts. It is however reflected in the Comprehensive Income and Expenditure Statement through non-distributable costs.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Significance is determined by comparing a component's cost against the overall cost of an asset, and a component is deemed significant if its cost is 20% or more of the total asset cost. The de-minimis threshold for componentisation is £1 million.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

Financial Instruments - Fair Value Measurement

The 2015/16 Code of Practice includes a number of changes to reflect the adoption of IFRS 13 Fair Value Measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability take place either in the principal market for that asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Valuation techniques used are appropriate in the circumstances and have sufficient data available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

The fair value hierarchy gives priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Reserves

The Council has various reserve funds. The two capital reserves arising from the system of capital accounting are the Revaluation Reserve and the Capital Adjustment Account. The former of these represents the store of gains on revaluation of fixed assets not yet realised through sales and the latter relates to amounts set aside from capital resources to meet past expenditure.

The two accounting reserves arising from the restatement of financial instruments to "fair value" are the Financial Instruments Adjustment Account and the Available-for-Sale Financial Instruments Reserve. The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending & borrowing by the Council. The Available-for-Sale Financial Instruments Reserve is a store of gains or losses on revaluation of the investments of the Insurance Fund not yet realised through sales.

The Pension Reserve arises from the IAS19 accounting disclosures for retirement benefits and recognises the Council's share of actuarial gains and losses in the Strathclyde Pension Fund and the change in the Council's share of the Pension Fund net liability chargeable to the Comprehensive Income and Expenditure Statement.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

Trading Operations

All trading operations are classified as non-significant in terms of the Local Government in Scotland Act 2003. The surplus or deficit on each trading operation is allocated to the General Fund balance; with the exception of Building Services where the surplus is apportioned between the General Fund balance and the Housing Revenue Account balance based on the level of Housing related turnover.

VAT

Income and Expenditure excludes any amount relating to Value Added Tax (VAT), as all VAT is payable to HM Revenue & Customs and all VAT is recoverable from them.

Accounting Policies - Group

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2015-2016 ("the Code") requires local authorities to consider their interests in all types of entity. This includes other local authorities or similar bodies defined in section 106 of the Local Government (Scotland) Act 1973, for example statutory bodies such as valuation boards. Authorities are required to prepare a full set of group accounts in addition to their own council's accounts where they have a material interest in such entities.

Combining entities

Renfrewshire Council's group accounts consolidate the results of the council with the results of the Paisley, Renfrew and Johnstone Common Good Funds; other charitable trusts administered by Renfrewshire Council; and six other entities:

1. Renfrewshire Leisure Limited
2. Strathclyde Partnership for Transport
3. Strathclyde Concessionary Travel Scheme Joint Committee
4. Renfrewshire Valuation Joint Board
5. Renfrewshire Integrated Joint Board
6. Park Lane Developments (Renfrewshire) Limited Liability Partnership.

Under accounting standards, the council requires to include the results of Renfrewshire Leisure Limited as a *subsidiary* with Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee and Renfrewshire Valuation Joint Board included as *associates* because the council has a "significant influence" over their financial and operating policies. The council has no shares in, or ownership of, any of these four organisations, which are entirely independent of the council under law and for taxation.

Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme Joint Committee are included within the group accounts under the definition of *associate*, even though the council holds less than 20% or more of the voting (or potential voting) power (which is the criterion normally used to confer significant influence). However the view has been taken that the nature of the funding arrangements between the constituent councils and these entities is sufficient to confer significant influence.

Renfrewshire Valuation Joint Board is included within the group accounts as an *associate* (rather than *subsidiary*) because the council does not have a "controlling interest" in the body in terms of the voting rights.

Renfrewshire Council's share of each associate's net assets or liabilities is calculated based on the council's proportionate contribution to each associate's annual revenue costs.

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and adult social care in Scotland. Scottish Ministers legally established Renfrewshire's Integration Joint Board on 27 June 2015 as a formal legal partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde. The council also holds 50% (£50) of the share capital of Park Lane Developments (Renfrewshire) Limited Liability Partnership. These two entities are included as *joint ventures* in the council's group accounts. Renfrewshire Council's share of each joint venture's net liabilities is calculated based on the council's proportionate ordinary shareholding in each joint venture.

The council has effective control over Renfrewshire Leisure Limited, the Paisley, Renfrew and Johnstone Common Good Funds and other charitable trusts administered by Renfrewshire Council (as sole trustee) and, as such, these are treated as *subsidiaries* in the council's group accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line.

Basis of preparation of group statements and going concern

For the three associates and two joint ventures detailed above, the combination has been accounted for under the accounting conventions of the “acquisition basis” using the *equity method*, with the council’s share of the net assets or liabilities of each entity being incorporated and adjusted each year by the council’s share of that entity’s results and the council’s share of other gains and losses (recognised in the **group comprehensive income and expenditure statement**).

For two of the five entities the council has a share in a net liability. The net liability position of the Renfrewshire Valuation Joint Board arises from the inclusion of liabilities related to the defined benefit pension schemes as required by IAS19 (which requires that pension liabilities reflect the long-term cost of paying post-employment benefits). For Park Lane Developments (Renfrewshire) LLP the net liability arises from long-term borrowing to fund regeneration work within and around the site of the former Arnotts store in Paisley.

All of the above associates and joint ventures consider it appropriate that their statement of accounts should follow the “going concern” basis of accounting. Arrangements with the Council and other funders for the longer-term funding of Park Lane Developments (Renfrewshire) Limited Liability Partnership are considered sufficient to meet future funding requirements.

Consideration for acquisition of associates’ net assets or liabilities

The council has acquired its share of the net assets of its associates for a nil consideration. There is no deferred or contingent purchase consideration. A fair value for its share of the net assets or liabilities of the three joint boards and committees (those numbered 2, 3 and 4 in the preceding list) at the point of acquisition and the post-acquisition results are unable to be accurately determined in view of the length of time since the transfer of these responsibilities at local government re-organisation in 1996 and the change in accounting for pensions under FRS17 in 2003-2004. It is not possible to provide the fair value of the investment in the other combining entities of the council as there are no published price quotations for these entities. No goodwill has been included in the **group balance sheet** in view of the length of time since acquisition, that no consideration was involved and that a fair value at the date of acquisition cannot now be properly assessed.

Group boundary: non-material interests in other entities

The council has a “significant interest” in three joint committees that have not been included in the group accounts. The council’s share of their net assets or liabilities is not material to the fair understanding of the financial position and transactions of the council. In the interest of transparency, details of the business nature of each organisation are shown in note G2.

Post-employment benefits

In common with Renfrewshire Council, all combining entities, except Park Lane Developments (Renfrewshire) Limited Liability Partnership, participate in the Local Government Pension Scheme, which is administered locally by Glasgow City Council through the Strathclyde Pension Fund. The associates have accounting policies for pensions accounting that are consistent with those of the council.

Value added tax

Value added tax paid by Renfrewshire Leisure Limited is accounted for within income and expenditure to the extent that it is irrecoverable from HM Revenue and Customs.

Property, plant and equipment

The basis of valuation across the combining entities is in accordance with the Code. Operational property, plant and equipment assets are shown at the lower of net replacement cost or net realisable value in existing use with the following exceptions:

- (i) The Renfrewshire Valuation Joint Board and the Concessionary Travel Scheme Joint Committee have no fixed assets.

(ii) Strathclyde Partnership for Transport holds exceptional types of fixed assets in its balance sheet. Within intangible assets, there are subsidised bus contracts that are recorded at amortised cost. There are also “third-party” assets that are rolling stock and other public assets used by other transport operators but which the partnership has the power to direct to the benefit of the travelling public within the partnership’s operating area – these are held at historic cost.

(iii) Renfrewshire Leisure Limited uses the historic cost convention for its recent leasehold improvements, but this is considered a suitable proxy for market value in existing use on a replacement cost basis. Renfrewshire Leisure Limited also uses depreciated historic cost for its computers, plant, furniture and fittings rather than the council’s depreciated replacement cost basis, however this is not considered to be material given the small values involved.

Inventories

Inventories (generally consumable stock) are included in the **group balance sheet** at weighted average cost and the lower of cost or net realisable value: weighted average cost – council’s stock; lower of cost or net realisable value – Renfrewshire Leisure Limited’s stock. The difference in valuation methods does not have a material effect on the results of the group given the levels of stockholdings in these entities.

Restrictions on the transfer of funds

The council’s share of the reserves of its associates is unusable in that it cannot be used to fund the council’s services nor to reduce taxation. All associates are entirely independent of the council under law and for taxation. The council is unable to access their reserves, whether classified as usable or otherwise in the associate’s own financial statements.



Renfrewshire
Council

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www.renfrewshire.gov.uk

RENFREWSHIRE COUNCIL COMMON GOOD FUNDS

PAISLEY SCo19478

RENFREW SCo19479

JOHNSTONE SCo19480

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

2015-16



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Trustees' Annual Report

Introduction

Renfrewshire Council acts as sole trustee for the Common Good Funds listed below which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR):

SC019478	Paisley Common Good Fund
SC019479	Renfrew Common Good Fund
SC019480	Johnstone Common Good Fund

The principal address of the Common Good Funds is:

Renfrewshire Council
Finance and Resources
Renfrewshire House
Cotton Street
Paisley
PA1 1JB

Renfrewshire Council administers the Common Good Funds and separately accounts for them. Renfrewshire Council was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996. The council provides a wide range of public services such as education, social services, environmental services and housing and economic regeneration.

They do not form part of the Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the Common Good "vest[s] in" the relevant local authority. However they are included within the group accounts of the Council. A copy of the group accounts can be obtained from the address above.

Auditors: Audit Scotland
 4th Floor, South Suite
 The Athenaeum Building
 8 Nelson Mandela Place
 Glasgow
 G2 1BT

Investment Managers: Standard Life Wealth Limited
 1 George Street
 Edinburgh
 EH2 2LL

Investment Advisors: Hymans Robertson LLP
 20 Waterloo Street
 Glasgow
 G2 6DB

Trustees

The Common Good is not a Trust, and is not governed by trust law. Therefore in terms of the "Trustees" of the Common Good, the guidance provided by OSCR is that those who have "general control and management" of the charity are the charity trustees. Decisions regarding the general control and management of the Common Good Funds are made by the Finance and Resources Policy Board (FRPB) of the Council, which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members. We have therefore interpreted the above guidance as meaning all elected members are charity trustees.

The following individuals were the Trustees of the Common Good Funds in their capacity as elected members of Renfrewshire Council :

Alexander Murrin	Eileen McCartin
Bill Perrie	John Caldwell
Eddie Grady	John Hood
Cathy McEwan	Iain McMillan
Brian Lawson	Audrey Doig
Jim Sharkey	Anne Hall
Terry Kelly	Allan Noon
Kenny MacLaren	Michael Holmes
Tommy Williams	Jim Harte
Eddie Devine	James McQuade
Marie McGurk	Sam Mullin
Lorraine Cameron	Iain Nicolson
Mark Macmillan	Roy Glen
Margaret Devine	Mags McLaren
Maureen Sharkey	Stephen McGee
Jacqueline Henry	Andy Doig
Derek Bibby	Maria Brown
Chris Gilmour	James McLaren
Stuart Clark	Paul Mack
Will Mylet	Bill Brown

Day to day management of the Common Good Funds is delegated to the Director of Finance and Resources of Renfrewshire Council. All of the trustees for the accounts are normally elected or re-elected at local government elections. By-elections are held to elect new members in the event of existing members vacating their position. New members automatically become trustees.

Structure, Governance and Management

The Common Good is a fund of money and assets which the Council has a statutory obligation (under Section 15(4) of the Local Government etc (Scotland) Act 1994) to administer "having regard to the interests of the inhabitants of the area to which the Common Good formerly related" (i.e. the former burghs of Paisley, Renfrew and Johnstone). Although the Common Good is administered separately from mainstream local authority funding, it is owned outright by the Council (s222 of the Local Government (Scotland) Act 1973) and does not have an identity separate from the Council, nor a constitutional form distinct from the Council.

The charity test, set out in Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 provides that "a body meets the charity test if –

- (a) its purposes consist of only one or more charitable purposes, and
- (b) it providespublic benefit in Scotland or elsewhere."

The Common Good Funds are not "bodies" separate from the Council, and the Council's purposes consist of much more than the charitable purposes listed in the Act. In this context officers of the Council are exploring with OSCR and the Scottish Government the appropriateness of the charitable status of the Common Good on an ongoing basis.

History

The Common Good comprises land granted to a Burgh by the Crown, further grants of land and buildings, mainly in the late 19th and early 20th century by local industrialists and other landowners for the common good of the inhabitants of the Burgh and the rental income and sale proceeds from such land. The bulk of the Paisley Common Good was granted to the Burgh of Paisley by the King Charles II Charter dated 27 and 28 July 1666, and has been administered by the Burgh and its successors since that date. The bulk of the Renfrew Common Good was granted to the Royal Burgh of Renfrew by the Queen Anne Charter dated 7 August 1703 and again has been administered by the Burgh and its successors since that date.

Governance and Management

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. They manage the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls. Given the Common Good is owned by the Council, these specific provisions are supplemented by the general provisions relating to the administration of local authority monies, i.e. the duty to obtain best value.

The Director of Finance and Resources has responsibility for ensuring an effective system of internal financial control is maintained and operated. This system of internal financial control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are recorded and properly authorised, and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Director of Finance

and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006.

Decisions regarding the operation, assets, processes or policies of the Common Good Funds are delegated by the Council to the Finance and Resources Policy Board. Income to the Common Good Funds is solely from investment returns (both financial investments and property rental income) and bank interest – no donations to the Funds are solicited. The only other source of income which arises periodically is from the sale of fixed assets.

The investment performance of the Common Good Funds is monitored regularly by Council officers, and is reported bi-annually to the Investment Review Board, which is comprised of 5 cross party elected members. The minutes of the Investment Review Board are submitted to the Finance and Resources Policy Board, whose meetings are held in public. In turn, the minutes of this Board are submitted to the full Council for ratification. Therefore each elected member is informed of both the performance of the funds, and any decision regarding the operation of the Funds which would be made by the Finance and Resources Policy Board.

Regular training is offered to the members of the Investment Review Board through information sessions at each meeting.

Risk

The Trustees have overall responsibility for the Common Good Funds' systems of internal control that are designed by senior management to ensure effective and efficient operations, including financial reporting and compliance with laws and regulations. The Trustees acknowledge that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The main risk for the Common Good relates to the investment income available for disbursement through grants. As mentioned above, investment performance is monitored quarterly by officers of the Council and they receive specialist advice in this regard from Hymans Robertson LLP, appointed investment advisors. A Statement of Investment Principles has been agreed by the Investment Review Board and this is regularly reviewed to ensure the benchmark against which performance is monitored remains relevant and appropriate.

Objectives and Activities

As mentioned above, there is no governing document for the Common Good. The assets were gifted for the common good of the inhabitants of the burgh. The most concise statement of the administration of the Common Good is contained in a judgement by Lord Kyllachy:

"The Common Good is corporate property and falls as such to be administered by the Council – and applied by them for the benefit of the community in such a manner as, and using such reasonable judgement as, they think proper".

Therefore in terms of the aims of the Common Good, they can not be narrowed down from that detailed above, i.e. that the funds are used for the benefit the inhabitants of the burgh to which they are related.

Grantmaking

There are two elements to the grants awarded from Common Good Funds: recurring grants (i.e. those awarded for a period of some years) or large grant awards that are agreed by the FRPB. In addition the FRPB also agrees the budget available to Local Area Committees (LACs) for subsequent award to community groups. LACs were set up in an effort to involve communities more directly in the decision-making of the Council, and they are comprised of the elected members of the relevant wards, along with representatives from local community groups e.g. Community Councils, Elderly Forums, Youth Groups etc. Each LAC now is allocated an annual budget, and they consider at each LAC meeting (held in public) the grant requests they have received. Only eligible grants may be considered – further information on the eligibility criteria may be obtained from the Council.

Achievements and Performance

In 2015-16 grants totalling £102,568 were awarded by Local Area Committees to a wide variety of community organisations. Other grant expenditure totalling £228,740 was made throughout the year. This included grants to: the Cherrie Centre (out of school care provider); contributions to finance CCTV : grants to help fund Christmas light displays in Renfrew and Paisley town centres and a grant to help finance Renfrew Gala Week.

Investment performance

The Common Good Funds have adopted a total return policy for investment income, and have agreed income targets which the Investment Manager exceeded in year. During the year the average yield on investments was 3.9% (3.5% in 2014-15). The average return on cash balances held within Renfrewshire Council's Loans Fund was 0.61% (0.63% in 2014-15).

Overall, the Common Good Funds reported a combined net movement in funds of £0.097 million that is added to the previous fund balance brought forward. The surplus achieved is mainly related to unrealised gains on investments and on the revaluation of fixed assets.

Financial Review

The Common Good Funds have no explicit reserves policy, but as a general principle the "capital" of the funds is held effectively as a permanent endowment, with only the annual income available for disbursement in the year.

No individual Common Good Fund is in deficit.

The main funding sources for the Common Good Funds this year are dividend and investment income (62%) and property rental income (36%).

The Investment Review Board has agreed a Statement of Investment Principles (SolP) which regulates the relationship between the Council and the Investment Manager. The SolP details benchmark asset class holdings and also the restrictions which the Council has agreed i.e. no direct holdings in tobacco stocks or companies involved in the manufacture or supply of military equipment; and a minimum holding of 15% of the total funds to be held in fixed interest stocks.

Future Plans

The Common Good Funds will continue to make grants available to local organisations through the Local Area Committee grant making process, and will also continue to fund recurring commitments such as Christmas Lights displays.

The Council will also continue to review the funding provided by the Common Good Funds to ensure it remains appropriate and in line with the objectives of the Funds and to the benefit of the inhabitants of the relevant Burghs.

The Community Empowerment (Scotland) Act 2015 places new obligations on Councils with regards recording and the use of Common Good assets. The Council is required to prepare and publish a register of all Common Good properties and make it publicly available. The Act also requires local authorities to publish any proposals and consult with community bodies before disposing of or changing the use of Common Good assets.

The Trustees wish to thank the Renfrewshire Council officers involved in producing the Annual Report and Financial Statements.

Signed:

Date:

Alan Russell
Director of Finance and Resources
Renfrewshire Council

On behalf of the Trustees:

Date:

Councillor Michael Holmes
Convener – Finance and Resources Policy Board
Renfrewshire Council

Statement of Trustees' Responsibilities in respect of the Annual Report and Accounts

a) Statement of responsibilities in respect of the annual report and accounts

The Trustees are responsible for preparing the annual report and financial statements for each financial year, in accordance with the accounting policies set out in note 1 to the accounts and the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014. The financial statements give a true and fair view of the incoming resources and application of the resources of the charity during the year and of the charity's state of affairs at the end of the financial year. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

b) Statement of disclosure of information to auditors

The trustees who held office at the date of approval of this annual report and accounts confirm that, so far as they are each aware, there is no relevant audit information of which the auditors are unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

Signed:

Cllr Michael Holmes
Convener – Finance and Resources Policy Board
Renfrewshire Council

Date:

Independent Auditors Report to the Trustees of Renfrewshire Council Common Good Funds and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Renfrewshire Council Common Good Funds for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standard (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities in respect of the Annual Report and Financial Statements, the trustees are responsible for the preparation of the financial statements which give a true and fair view. The Director of Finance and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Anne McGregor

Senior Audit Manager,

Audit Scotland

4th Floor, The Athenaeum Building

8 Nelson Mandela Place

Glasgow

G2 1BT

29 September 2016

Anne McGregor is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Statement of Financial Activities for the Year Ended 31st March 2016

This Account summarises the resources that have been generated and consumed in providing services and managing the Common Good Funds during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed. This Account also includes the Statement of Total Recognised Gains and Losses which brings together all of the gains and losses of the Funds for the year and shows the aggregate increase in their net worth. All Common Good Funds have unrestricted funds only; there were no restricted or endowment funds during 2015-16 or in 2014-15.

		Year to 31 st March 2016				Year to 31 st March 2015			
		Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total	Paisley SC019478	Johnstone SC019480	Renfrew SC019479	Total
	Notes	£m	£m	£m	£m	£m	£m	£m	£m
Income and Endowments from:									
Investments	2(a)	0.138	0.000	0.465	0.603	0.132	0.000	0.441	0.573
Rental and Other Income	2(b)	0.049	0.000	0.292	0.341	0.049	0.000	0.414	0.463
Total from Income and Endowments		0.187	0.000	0.757	0.944	0.181	0.000	0.855	1.036
Expenditure on:									
Raising Funds									
Fundraising Trading		0.000	0.000	0.002	0.002	0.000	0.000	0.011	0.011
Investment Management Costs		0.014	0.000	0.046	0.060	0.011	0.000	0.037	0.048
Total Raising Funds		0.014	0.000	0.048	0.062	0.011	0.000	0.048	0.059
Charitable Activities									
Charitable Activities	3(a)	0.127	0.000	0.204	0.331	0.147	0.000	0.187	0.334
Governance Costs	3(b)	0.016	0.000	0.047	0.063	0.016	0.000	0.048	0.064
Depreciation and Impairment		0.046	0.000	0.296	0.342	0.048	0.000	0.290	0.338
Total Charitable Activities		0.189	0.000	0.547	0.736	0.211	0.000	0.525	0.736
Total Expenditure		0.203	0.000	0.595	0.798	0.222	0.000	0.573	0.795
Net Incoming / (Expenditure) and net movement in funds before gains and losses on investments		(0.016)	0.000	0.162	0.146	(0.041)	0.000	0.282	0.241
Gains/(Losses) on Investment Assets	5	(0.221)	0.000	(0.745)	(0.966)	0.214	0.000	0.735	0.949
Net Income/(Expenditure)		(0.237)	0.000	(0.583)	(0.820)	0.173	0.000	1.017	1.190

Statement of Financial Activities for the Year Ended 31st March 2016

	Notes	Year to 31 st March 2016				Year to 31 st March 2015			
		Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m	Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m
Transfer between Funds		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total after funds Transfer		(0.237)	0.000	(0.583)	(0.820)	0.173	0.000	1.017	1.190
Other Gains or Losses									
Gains/(Losses) on Revaluation of Fixed Assets	4	0.471	0.000	0.252	0.723	(0.015)	0.000	0.487	0.472
Total Other Recognised Gains or Losses		0.471	0.000	0.252	0.723	(0.015)	0.000	0.487	0.472
Net Movement in Funds		0.234	0.000	(0.331)	(0.097)	0.158	0.000	1.504	1.662
Funds Reconciliation:									
Total Funds Brought Forward		4.888	0.052	27.197	32.137	4.730	0.052	25.693	30.475
Total Funds Carried Forward		5.122	0.052	26.866	32.040	4.888	0.052	27.197	32.137

The notes on pages 14 to 23 form part of these financial statements.

Balance Sheet as at 31st March 2016

The Balance Sheet summarises in its top half all of the assets that the Common Good Funds own and the liabilities that they owe to others. The bottom half sets out how the net assets of the Funds are allocated between usable resources and statutory reserves needed to comply with accounting rules.

		At 31 st March 2016				At 31 st March 2015			
	Note	Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m	Paisley SC019478 £m	Johnstone SC019480 £m	Renfrew SC019479 £m	Total £m
Fixed Assets									
Tangible Fixed Assets	4	1.048	0.000	12.265	13.313	0.623	0.000	12.308	12.931
Heritage Assets	4	0.063	0.047	0.109	0.219	0.063	0.047	0.109	0.219
Investments	5	3.408	0.000	11.494	14.902	3.626	0.000	12.230	15.856
		4.519	0.047	23.868	28.434	4.312	0.047	24.647	29.006
Current Assets									
Debtors	13	0.000	0.000	0.018	0.018	0.005	0.000	0.032	0.037
Short term deposits	15	0.617	0.005	3.032	3.654	0.574	0.005	2.533	3.112
		0.617	0.005	3.050	3.672	0.579	0.005	2.565	3.149
Less: Current Liabilities									
Creditors: Amounts Falling Due Within One Year	14	(0.014)	0.000	(0.052)	(0.066)	(0.003)	0.000	(0.015)	(0.018)
		(0.014)	0.000	(0.052)	(0.066)	(0.003)	0.000	(0.015)	(0.018)
Net Current Assets		0.603	0.005	2.998	3.606	0.576	0.005	2.550	3.131
Net Assets		5.122	0.052	26.866	32.040	4.888	0.052	27.197	32.137
Funds of the Charities									
<u>Unrestricted Funds</u>									
Income Funds		3.535	0.036	18.550	22.121	3.406	0.036	17.918	21.360
Revaluation reserve : Investments		0.497	0.000	1.575	2.072	0.843	0.000	2.749	3.592
Revaluation reserve : Other Fixed Assets		1.090	0.016	6.741	7.847	0.639	0.016	6.530	7.185
		5.122	0.052	26.866	32.040	4.888	0.052	27.197	32.137

The unaudited accounts were issued on 14 June 2016 and the audited accounts were authorised for issue on 29 September 2016.

Signed:

Date:

Alan Russell

Director of Finance and Resources
Renfrewshire Council

Signed:

Date:

Councillor Michael Holmes

Convener – Finance and Resources Policy Board
Renfrewshire Council

Cash Flow Statement for Year Ended 31st March 2016

This statement summarises the inflows and outflows of cash arising from the transactions with third parties on both day to day revenue transactions and expenditure on capital activities. For the purposes of this statement, cash is defined as cash in hand and deposits repayable on demand.

	Notes	Year ended 31st March 2016				Year ended 31st March 2015			
		Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Net Cash Inflow from Operating Activities	7	0.046	0.000	0.509	0.555	0.005	0.000	0.425	0.430
Capital Expenditure and Financial Investment									
Cash paid for fixed asset investment		(0.845)	0.000	(2.759)	(3.604)	(0.343)	0.000	(1.150)	(1.493)
Receipts from sales of fixed asset: investments		0.788	0.000	2.556	3.344	0.420	0.000	1.416	1.836
Receipts from sales of fixed asset: property		0.000	0.000	0.000	0.000	0.000	0.000	0.426	0.426
Payments to acquire tangible fixed assets		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net cash flow from capital expenditure and financial investments		(0.057)	0.000	(0.203)	(0.260)	0.077	0.000	0.692	0.769
(Increase)/decrease in cash held for investments		0.054	0.000	0.193	0.247	(0.079)	0.000	(0.271)	(0.350)
Increase/(decrease) in cash held in the year		0.043	0.000	0.499	0.542	0.003	0.000	0.846	0.849
Reconciliation of net cash flow to movement in net funds									
(Decrease)/increase in cash in year		0.043	0.000	0.499	0.542	0.003	0.000	0.846	0.849
net funds at 1 April		0.574	0.005	2.533	3.112	0.571	0.005	1.687	2.263
Net funds at 31 March		0.617	0.005	3.032	3.654	0.574	0.005	2.533	3.112

Notes to the Financial Statements

1: Accounting Policies

Introduction

The Financial Statements for the year ended 31 March 2016 have been compiled in accordance the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006(as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) published on 16 July 2014. They are designed to give a true and fair view of the financial performance and position of the Common Good Funds and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

The accounting concepts of “materiality” and “going concern” have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accounts have been prepared on a going concern basis. The going concern concept assumes that the Charities will not significantly curtail the scale of their operations.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of assets. The following accounting policies used in its preparation have been reviewed following the introduction of Financial Reporting Standard 18 “Accounting Policies” (FRS18).

Income and Endowments

Recognition of income and endowments

These are included in the Statement of Financial Activities (SOFA) when:

- The charity becomes entitled to the resources;
- The trustees are virtually certain they will receive the resources; and
- The monetary value can be measured with sufficient reliability.

Grants and Donations

Grants and donations are only included in the SOFA when the charity has unconditional entitlement to the resources.

Gifts in Kind

Gifts in kind are not reflected in the SORP, but are referred to when necessary in the Trustees Annual Report.

Investment Income

This is included in the accounts when receivable.

Investment Gains and Losses

This includes any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the year.

Expenditure

Liability Recognition

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

Charitable Activities

Decisions regarding the way the Common Good Funds' income is spent are taken by the Finance and Resources Policy Board, whose membership comprises of 15 of the trustees of the Common Good Funds. Voluntary groups are encouraged to apply for funding from the available funds allocated to Renfrewshire Council Local Area Committees.

Governance Costs

Governance costs include the:

- costs of the preparation and examination of statutory accounts;
- cost of any legal advice to trustees on governance or constitutional matters;
- cost of administering grants; and
- property maintenance.

Grants Payable without Performance Conditions

These are recognised in the accounts when the grant has been paid.

Assets

Valuation

Land and buildings have been valued on the basis of market value in relation to existing use, assessed either on a comparative basis or on a depreciated replacement cost basis. The valuations have been compiled by the Council Valuer who is Member of the Royal Institute of Chartered Surveyors (MRICS) qualified. Assets under construction are shown at historic cost. Land and buildings are revalued every five years, with increases in valuation matched by credits to the Revaluation Reserve.

A de-minimis of £9,000 is applied for capitalisation of expenditure.

The civic regalia and equipment (heritage assets) have been valued on a present value insurance basis.

Investments are valued at market value.

Depreciation

Depreciation is charged on a straight -line basis on all assets other than land, heritage assets and assets under construction. The Council Valuer determines the useful life of property assets. Depreciation is based on expected life of costs capitalised.

Impairment

The value of each category of asset is reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a revaluation exercise, the loss is charged to the SOFA.

Departures from the Charities SORP

Operational land and buildings have been valued on a depreciated replacement costs basis, not a historic basis as per the Charities SORP. The main reason for this is the obligation under the Local Government Code of Practice on local authority accounting to apply a depreciated replacement cost valuation basis, and it is under the Local Government Code that the Common Good Accounts have been audited in previous years.

Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statements are authorised for issue. There are two types of events:

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period, and the Statement are adjusted to reflect such events; and
- Non-adjusting events – those that are indicative of conditions that arose after the reporting period, and the Statements are not adjusted. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the event and its estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statements. Note 16 provides further information.

2: Income and Endowments

a) Investments

	2015-16				2014-15			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Grant income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dividend income	0.134	0.000	0.448	0.582	0.128	0.000	0.429	0.557
Interest income	0.004	0.000	0.017	0.021	0.004	0.000	0.012	0.016
Total grant & investment income	0.138	0.000	0.465	0.603	0.132	0.000	0.441	0.573

b) Rental and Other Income

	2015-16				2014-15			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Rental income from properties	0.049	0.000	0.292	0.341	0.049	0.000	0.313	0.362
Other Income	0.000	0.000	0.000	0.000	0.000	0.000	0.101	0.101
Total rental and other income	0.049	0.000	0.292	0.341	0.049	0.000	0.414	0.463

3: Expenditure

a) Charitable Activities

	2015-16				2014-15			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Voluntary organisation grants	0.035	0.000	0.067	0.102	0.030	0.000	0.058	0.088
Civic related grants	0.092	0.000	0.137	0.229	0.117	0.000	0.129	0.246
Total charitable activities grants	0.127	0.000	0.204	0.331	0.147	0.000	0.187	0.334

b) Governance Costs

	2015-16				2014-15			
	Paisley £m	Johnstone £m	Renfrew £m	Total £m	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Accountancy and Administrative Services	0.008	0.000	0.020	0.028	0.005	0.000	0.013	0.018
Property Services	0.008	0.000	0.027	0.035	0.011	0.000	0.035	0.045
Total Governance Costs	0.016	0.000	0.047	0.063	0.016	0.000	0.048	0.063

4: Tangible Fixed Assets

a) Paisley Common Good Fund

	Operational Land and Buildings	Non- Operational Assets – Surplus Assets	Total Tangible Fixed Assets	Heritage Assets
	£m	£m	£m	£m
Gross Book Value				
At 1 st April 2015	0.477	0.337	0.814	0.063
Additions	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000
Revaluations	0.232	0.000	0.232	0.000
At 31st March 2016	0.709	0.337	1.046	0.063
Depreciation				
At 1 st April 2015	0.191	0.000	0.191	0.000
Depreciation for Year	0.048	0.000	0.048	0.000
Depreciation write back on revaluations	(0.239)	0.000	(0.239)	0.000
Impairment losses written out on revaluation	(0.002)	0.000	(0.002)	0.000
At 31st March 2016	(0.002)	0.000	(0.002)	0.000
Net Book Value at 31st March 2016	0.711	0.337	1.048	0.063
Net Book Value at 31st March 2015	0.286	0.337	0.623	0.063

b) Renfrew Common Good Fund

	Operational Land and Buildings	Plant and Equipment	Non- operational assets – Investment Properties	Non- Operational Assets – Surplus Assets	Total Tangible Fixed Assets	Heritage Assets
	£m	£m	£m	£m	£m	£m
Gross Book Value						
At 1 st April 2015	9.980	1.923	0.791	0.024	12.718	0.109
Additions	0.000	0.000	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000	0.000	0.000
Transfers	0.091	0.000	(0.091)	0.000	0.000	0.000
Revaluations	(0.041)	0.000	0.013	0.000	(0.028)	0.000
At 31st March 2016	10.030	1.923	0.713	0.024	12.690	0.109
Depreciation						
At 1 st April 2015	0.347	0.041	0.022	0.000	0.410	0.000
Depreciation for year	0.199	0.041	0.007	0.000	0.247	0.000
Impairment	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation write back on revaluations	(0.203)	0.000	(0.029)	0.000	(0.232)	0.000
Impairment losses written out on revaluation	0.000	0.000	0.000	0.000	0.000	0.000
At 31st March 2016	0.343	0.082	0.000	0.000	0.425	0.000
Net Book Value at 31st March 2016	9.687	1.841	0.713	0.024	12.265	0.109
Net Book Value at 31st March 2015	9.634	1.882	0.769	0.024	12.308	0.109

c) Johnstone Common Good Fund

	Heritage Assets £m
Gross Book Value	
At 1 st April 2015	0.047
Additions	0.000
Disposals	0.000
Revaluations	0.000
At 31st March 2016	0.047
Depreciation	
At 1 st April 2015	0.000
Depreciation for year	0.000
At 31st March 2016	0.000
Net Book Value at 31st March 2016	0.047
Net Book Value at 31st March 2015	0.047

d) Heritage Assets

Heritage Assets include items of civic regalia and equipment formerly used by the Provost of the Council on civic occasions. The assets are now held in Renfrewshire museums.

5: Fixed Asset Investments

Investments are held specifically to provide the funds from which donations and civic activities can be funded from.

a) Analysis of market values

	2015-16			2014-15		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
Market Value	£m	£m	£m	£m	£m	£m
At 1 st April 2015	3.626	12.230	15.856	3.410	11.490	14.900
Additions	0.845	2.759	3.604	0.343	1.150	1.493
Disposals	(0.788)	(2.556)	(3.344)	(0.420)	(1.416)	(1.836)
Net gain/(loss) on revaluation	(0.221)	(0.746)	(0.967)	0.214	0.735	0.949
Increase/(decrease) in cash in bank awaiting investment	(0.054)	(0.193)	(0.247)	0.079	0.271	0.350
At 31st March 2016	3.408	11.494	14.902	3.626	12.230	15.856

b) Asset Allocation Analysis

	2015-16			2014-15		
	Paisley	Renfrew	Total	Paisley	Renfrew	Total
	£m	£m	£m	£m	£m	£m
Bonds:						
UK Government Bonds	0.157	0.553	0.710	0.234	0.811	1.045
Other UK Bonds	0.284	0.941	1.225	0.219	0.731	0.950
Overseas Bonds	0.114	0.379	0.493	0.166	0.555	0.721
Equities:						
UK Equities	1.493	5.024	6.517	1.725	5.614	7.339
Overseas Equities	1.153	3.911	5.064	1.064	3.789	4.853
Non-Region Specific	0.024	0.081	0.105	0.045	0.153	0.198
Property Investments	0.140	0.471	0.611	0.079	0.264	0.343
Cash	0.039	0.120	0.159	0.094	0.313	0.407
Accrued Interest	0.004	0.014	0.018	-	-	-
Total Investment Assets	3.408	11.494	14.902	3.626	12.230	15.856

All investments during 2015-16 and in 2014-15 were held in unrestricted funds.

6: Reserves Cover

	2015-16				2014-15			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Free Reserves								
Unrestricted Funds	3.551	0.036	18.388	21.975	3.447	0.036	17.737	21.220
Allocation Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Unrestricted Funds from SOFA	(0.016)	0.000	0.162	0.146	(0.041)	0.000	0.181	0.140
Total Unrestricted Funds	3.535	0.036	18.550	22.121	3.406	0.036	17.918	21.360
Less Funds tied up in fixed assets	(3.408)	0.000	(11.494)	(14.902)	(3.626)	0.000	(12.230)	(15.856)
Total Free Reserves	0.127	0.036	7.056	7.219	(0.220)	0.036	5.688	5.504
Annual Running Costs exclude impairment	0.203	0.000	0.595	0.793	0.222	0.000	0.573	0.795
Number of months held in reserve	0	0	142	n/a	0	0	119	n/a

Funds tied up in fixed assets are represented by investments held by the Common Good Funds.

7: Cash Flow Statement

a Reconciliation of net income/expenditure to net cash inflow/ (outflow) from operating activities

	Year to 31 st March 2016			Year to 31 st March 2015		
	Paisley	Johnstone	Renfrew	Paisley	Johnstone	Renfrew
	£m	£m	£m	£m	£m	£m
Net income/expenditure before other gains or losses	(0.016)	0.000	0.162	(0.041)	0.000	0.282
Transfer of revaluation reserve realised on investment movement	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation and impairment	0.046	0.000	0.296	0.048	0.000	0.290
Gain on sale of fixed asset - property	0.000	0.000	0.000	0.000	0.000	(0.101)
Decrease/(increase) in debtors	0.005	0.000	0.014	0.000	0.000	(0.015)
Increase/(decrease) in creditors	0.011	0.000	0.037	(0.002)	0.000	(0.031)
Net cash (inflow)/outflow from operating activities	0.046	0.000	0.509	0.005	0.000	0.425

b Analysis of changes in net funds

	At 1 April 2015	Cash- flow	At 31 March 2016	At 1 April 2014	Cash- flow	At 31 March 2015
	£m	£m	£m	£m	£m	£m
Short term deposits						
Paisley	0.574	0.043	0.617	0.571	0.003	0.574
Johnstone	0.005	0.000	0.005	0.005	0.000	0.005
Renfrew	2.533	0.499	3.032	1.687	0.846	2.533
	3.112	0.542	3.654	2.263	0.849	3.112

8: Trustees' remuneration and expenses

Neither the Trustees of the Common Good Funds nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the Trustees during 2015-16.

9: Related Parties

During the year, the Common Good Fund balances were invested by Renfrewshire Council, who manage the administration of the Funds on behalf of the Trustees. The costs of this are disclosed in note 3(b), Governance Costs. The Council also acts as the banker for the Common Good Funds and all transactions, incoming and outgoing, are made via the Council's accounts. This creates a debtor as detailed in the respective Funds' balance sheets. There are no outstanding balances due to or from Renfrewshire Council other than those that appear in the balance sheet.

10: Commitments

As at March 2016, no Common Good Fund had outstanding commitments on capital contracts. There were no outstanding commitments for operating lease rentals.

11: Staff Costs and Emoluments

No members of staff were employed directly via the Common Good Funds during 2015-16 (2014-15 nil). All costs were incurred by Renfrewshire Council and recharged as detailed in note 3(b) Governance Costs. There are therefore no employees with emoluments above £60,000 (2014-15 nil).

12: Audit Costs

Costs of £4,550 were incurred in relation to the audit of the 2015-16 financial statements.

13: Debtors

	Year to 31 st March 2016				Year to 31 st March 2015			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Accrued Income	0.000	0.000	0.018	0.018	0.005	0.000	0.032	0.037
Total Debtors	0.000	0.000	0.018	0.018	0.005	0.000	0.032	0.037

14: Creditors

	Year to 31 st March 2016				Year to 31 st March 2015			
	Paisley	Johnstone	Renfrew	Total	Paisley	Johnstone	Renfrew	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Trade Creditors	0.014	0.000	0.048	0.062	0.003	0.000	0.010	0.013
Rents in Advance	0.000	0.000	0.004	0.004	0.000	0.000	0.005	0.005
Total Creditors	0.014	0.000	0.052	0.066	0.003	0.000	0.015	0.018

15: Short Term Deposits

Short term deposits are accounts held with Renfrewshire Council who process receipts, payments and accounting entries on behalf of the Common Good Funds.

16: Events after the Balance Sheet date

Events taking place after the authorised issue date per the balance sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non adjusting events.

On 23 June the result of the referendum on membership of the European Union was a majority vote to leave. The UK Government would cease its EU membership from the date of agreement or, failing that, within two years of the notification under Article 50 process to negotiate the terms of the UK's exit, with the possibility of extending this time frame with the agreement of the other 27 member states. There is no immediate impact on the Common Good, however, the referendum result has created uncertainty in various areas, for example, employment legislation, procurement, pension liabilities and many more. It is not currently possible to comment on the impact that this may have on the medium term for the Common Good.

RENFREWSHIRE COUNCIL TRUST FUNDS

TRUSTEES' REPORT AND FINANCIAL STATEMENTS 1 APRIL 2015 to 31 MARCH 2016



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Trustees' Report

1. INTRODUCTION

Renfrewshire Council acts as sole trustee for the Trust Funds listed below which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR):

The following charities' financial statements are included in this report:

Charity Number	Charity Name	Charity Number	Charity Name
SC042035	Renfrew Burgh Citizens Fund	SC042036	Renfrewshire Council Citizens Fund
SC042037	Paisley Burgh Citizens Fund	SC019454	Coats Observatory Fund

The principal address of the Trust Funds is:

Renfrewshire Council
Finance and Resources
Renfrewshire House
Cotton Street
Paisley
PA1 1JB

Renfrewshire Council administers the Trust Funds and separately accounts for them. Renfrewshire Council was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996. The Council provides a wide range of public services such as education, social services, environmental services, council housing and economic regeneration.

The Trust Accounts do not form part of Renfrewshire Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the Trusts "vest[s] in" the relevant local authority. However, the Trust Fund accounts are included within the group accounts of the Council. A copy of the group accounts can be obtained from the address above.

Independent Auditors: Audit Scotland

4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow G2 1BT

TRUSTEES

In terms of the "Trustees" of the Trusts, the guidance provided by OSCR is that those who have "general control and management" of the charity are the charity trustees. Decisions regarding the general control and management of the Trust Funds are made by the Finance and Resources Policy Board of the Council, which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members. We have therefore interpreted the above guidance as meaning all elected members are charity trustees.

The following individuals were the Trustees of the Trust Funds in their capacity as elected members of Renfrewshire Council :

Alexander Murrin	Eileen McCartin
Bill Perrie	John Caldwell
Eddie Grady	John Hood
Cathy McEwan	Iain McMillan
Brian Lawson	Audrey Doig
Jim Sharkey	Anne Hall
Terry Kelly	Allan Noon
Kenny MacLaren	Michael Holmes
Tommy Williams	Jim Harte
Eddie Devine	James McQuade
Marie McGurk	Sam Mullin
Lorraine Cameron	Iain Nicolson
Mark Macmillan	Roy Glen
Margaret Devine	Mags McLaren
Maureen Sharkey	Stephen McGee
Jacqueline Henry	Andy Doig
Derek Bibby	Maria Brown
Chris Gilmour	James McLaren
Stuart Clark	Paul Mack
Will Mylet	Bill Brown

Day to day management of the Trust Funds is delegated to the Director of Finance and Resources of Renfrewshire Council. All of the trustees for the accounts are normally elected or re-elected at local government elections. By-elections are held to elect new members in the event of existing members vacating their position. New members automatically become trustees.

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

The three Citizens Funds were set up in 2011 as successor funds to the various sundry trusts controlled by Renfrewshire Council. The Council made use of the reorganisation provisions of the Charities and Trustee Investment (Scotland) Act 2005 to enable better use to be made of the balances within the existing funds, and reorganize them into larger funds with updated purposes. The reorganisation was completed with the consent of OSCR.

The Coats Observatory Fund was inherited by the local authority in early 1963 from the Paisley Philosophical Society. The Council as Trustees own the buildings comprising the Coats Observatory.

HISTORY

The following table gives an indication of the purpose of the Trusts:

Charity No.	Name	Purpose
SC042035	Renfrew Burgh Citizens Fund	Promoting the welfare of individuals who are in need by reason of age, ill-health, disability, financial hardship or other disadvantage and fostering good citizenship and community wellbeing and regeneration by giving financial assistance by way of grant to those living or working in the area. To further voluntary activity or to contribute to the regeneration of the community in the area formerly known as the Burgh of Renfrew
SC042036	Renfrewshire Council Citizens Fund	As above, but for the area for which Renfrewshire Council and its successors is responsible
SC042037	Paisley Burgh Citizens Fund	As above, but for the area formerly known as the Burgh of Paisley
SC019454	Coats Observatory Fund	"for the upkeep of Coats Observatory equipment" The above purpose was relevant while there were cash funds available; however these funds have been exhausted, and only the property assets remain.

GOVERNANCE AND MANAGEMENT

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. They manage the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls. Given the Trust Funds are controlled by the Council, these specific provisions are supplemented by general provisions relating to the administration of local authority monies, i.e. the duty to obtain best value.

The Director of Finance and Resources has responsibility for ensuring an effective system of internal financial control is maintained and operated. This system of internal financial control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are recorded and properly authorised, and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Director of Finance and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006(as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16th July 2014.

Decisions regarding the operation, assets, processes or policies of the Trust Funds are delegated by the Council to the Finance & Resources Policy Board (FRPB). The FRPB will request the appropriate Local Area Committee (LAC) - the view of the Local Area Committee being representative of the general public view for that locality - to submit proposals for the Board to consider for project expenditure, taking account of the original intentions

of the donors of the funds as to purpose and location within the Local Area Committee boundary. Proposals submitted by LACs are then considered for approval by the FRPB.

RISK

The Trustees have overall responsibility for the Trust Funds' system of internal control. This system is designed by senior management to ensure effective and efficient operation, including financial reporting and compliance with laws and regulations. The Trustees acknowledge that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

3. OBJECTIVES AND ACTIVITIES

Income to the Trust Funds is solely from interest earned on balances held by Renfrewshire Council Loans Fund – no donations to the Funds are solicited.

4. ACHIEVEMENTS AND PERFORMANCE

During the year two payments were made from the Renfrew Burgh Citizens Fund. £20,000 was awarded to the Renfrew Development Trust to help with the regeneration of Renfrew Town Centre. Four awards totalling £5,900 were paid from the Renfrewshire Council Citizens Fund. These payments were made from funds associated with Kilbarchan, to organisations in the Kilbarchan area.

Two awards were made from the Paisley Burgh Citizens Fund during the year to the Paisley Sea Cadets (£3,846.38) and Glenburn Seniors Club (£500).

The combined monies of the Trusts were invested in the Council's Loans Fund on the basis that the returns available were better than those available commercially. The average rate of interest achieved in the period was 0.61% (0.63% in 2014/15).

5. FINANCIAL REVIEW

The Trust Funds have no explicit reserves policy, and it is anticipated that the Citizens Funds will be fully disbursed in the coming years. No individual Trust Fund is in deficit.

6. FUTURE PLANS

It is anticipated that as further community projects are recommended for funding, the Citizens Funds will in time be wound up, their balances having been fully disbursed.

The Trustees wish to thank the Renfrewshire Council officers involved in producing the Report and Financial Statements.

Signed:

Date:

Alan Russell
Director of Finance and Resources
Renfrewshire Council

On behalf of the Trustees:

Date:

Councillor Michael Holmes
Convener – Finance & Resources Policy Board
Renfrewshire Council

Independent Auditor's Report to the Trustees of Renfrewshire Council Trust Funds and the Accounts Commission for Scotland

The accounts are still subject to independent examination. The appointed examiner is:

Independent auditor's report to the trustees of Renfrewshire Council Trust Funds and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Renfrewshire Council Trust Funds for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, Statement of Balances and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

As explained more fully in the Trustees' Report, all elected members of Renfrewshire Council have general control and management responsibilities, the Director of Finance and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2016 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Anne McGregor
Senior Audit Manager,
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 September 2016

Anne McGregor is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Trust Accounts Financial Statements Overview

1. INTRODUCTION

The following pages detail the Statement of Receipts and Payments, the Statement of Balances and relevant Notes to the Accounts, as required by the Charities Accounts (Scotland) Regulations 2006. A Cash Flow Statement is not required as all of the charities are classified as small charities as defined in the Charities Statement of Recommended Practice (SORP) and therefore are exempt from producing a Cash Flow Statement.

2. STATEMENT OF RECEIPTS AND PAYMENTS

The Statement of Receipts and Payments provides an analysis of the incoming and outgoing cash and bank transactions for the period. The Trust Funds have income and expenditure in their respective unrestricted funds.

If applicable, the Statement would also show any cash movements in relation to fixed assets. In the case of the Trust Funds, there have been no purchases or sales of fixed assets.

3. STATEMENT OF BALANCES

The Statement of Balances reconciles the cash and bank balances at the beginning and end of the financial year with the surpluses or deposits shown in the Statement of Receipts and Payments. The Statement of Balances also summarises final closing balances at the end of the period.

4. NOTES TO THE ACCOUNTS

Notes to the accounts expand on or explain the information contained in the Statement of Receipts and Payments and the Statement of Balances.

Statement of Receipts and Payments for the year ended 31st March 2016

Year ended 31st March 2016					
	Paisley Burgh Citizens Fund SC042037 Unrestricted £	Renfrew Burgh Citizens Fund SC042035 Unrestricted £	Renfrewshire Council Citizens Fund SC042036 Unrestricted £	Coats Observatory Fund SC019454 Unrestricted £	Total £
Receipts					
Income from other charities	0.00	0.00	0.00	0.00	0.00
Income from investments other than land and buildings	15.00	81.00	112.00	0.00	208.00
Other receipts	0.00	0.00	0.00	0.00	0.00
Total receipts	15.00	81.00	112.00	0.00	208.00
Receipts from investment sales					
Proceeds from sale of investments	0.00	0.00	0.00	0.00	0.00
Total receipts from investment sales	0.00	0.00	0.00	0.00	0.00
Payments					
Charitable activities	4,346.38	20,000.00	5,900.00	0.00	30,246.38
Governance costs	333.33	333.33	333.34	0.00	1,000.00
Building maintenance costs	0.00	0.00	0.00	0.00	0.00
Total payments	4,679.71	20,333.33	6,233.34	0.00	31,246.38
Transfer between funds	0.00	0.00	0.00	0.00	0.00
Surplus / (deficit) for period	(4,664.71)	(20,252.33)	(6,121.34)	0.00	(31,038.38)

Year ended 31st March 2015					
	Paisley Burgh Citizens Fund SC042037 Unrestricted £	Renfrew Burgh Citizens Fund SC042035 Unrestricted £	Renfrewshire Council Citizens Fund SC042036 Unrestricted £	Coats Observatory Fund SC019454 Unrestricted £	Total £
Receipts					
Income from other charities	0.00	0.00	0.00	0.00	0.00
Income from investments other than land and buildings	28.00	149.00	215.28	0.00	392.28
Other receipts	0.00	0.00	0.00	104,630.53	104,630.53
Total receipts	28.00	149.00	215.28	104,630.53	105,022.81
Receipts from investment sales					
Proceeds from sale of investments	0.00	0.00	0.00	0.00	0.00
Total receipts from investment sales	0.00	0.00	0.00	0.00	0.00
Payments					
Charitable activities	433.00	4,920.46	11,260.00	0.00	16,613.46
Governance costs	333.33	333.33	333.34	0.00	1,000.00
Building maintenance costs	0.00	0.00	0.00	104,630.53	104,630.53
Total payments	766.33	5,253.79	11,593.34	104,630.53	122,243.99
Transfer between funds	0.00	0.00	0.00	0.00	0.00
Surplus / (deficit) for period	(738.33)	(5,104.79)	(11,378.06)	0.00	(17,221.18)

Statement of Balances as at 31st March 2016

As at 31st March 2016

	Paisley Burgh Citizens Fund SC042037	Renfrew Burgh Citizens Fund SC042035	Renfrewshire Council Citizens Fund SC042036	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Total
	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Restricted	Total	Total
	£	£	£	£	£	£	£
Cash funds							
<i>Balances held with Renfrewshire Council:</i>							
Opening balance	5,008.26	25,678.81	31,008.78	0.00	0.00	0.00	61,695.85
Surplus / (deficit) for period	(4,664.71)	(20,252.33)	(6,121.34)	0.00	0.00	0.00	(31,038.38)
	343.55	5,426.48	24,887.44	0.00	0.00	0.00	30,657.47
Other assets (at current valuation)							
<i>Land and buildings:</i>							
Coats Observatory, Paisley	0.00	0.00	0.00	0.00	673,090.86	673,090.86	673,090.86
<i>Long Term Investments</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	673,090.86	673,090.86	673,090.86

As at 31st March 2015

	Paisley Burgh Citizens Fund SC042037	Renfrew Burgh Citizens Fund SC042035	Renfrewshire Council Citizens Fund SC042036	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Coats Observatory Fund SC019454	Total
	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Restricted	Total	Total
	£	£	£	£	£	£	£
Cash funds							
<i>Balances held with Renfrewshire Council:</i>							
Opening balance	5,746.59	30,783.60	42,386.84	0.00	0.00	0.00	78,917.03
Surplus / (deficit) for period	(738.33)	(5,104.79)	(11,378.06)	0.00	0.00	0.00	(17,221.18)
	5,008.26	25,678.81	31,008.78	0.00	0.00	0.00	61,695.85
Other assets (at current valuation)							
<i>Land and buildings:</i>							
Coats Observatory, Paisley	0.00	0.00	0.00	0.00	619,603.96	619,603.96	619,603.96
<i>Long Term Investments</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	619,603.96	619,603.96	619,603.96

The Accounts are authorized for issue.

Signed:

Alan Russell
Director of Finance and Resources
Renfrewshire Council

Date:

Signed:

Councillor Michael Holmes
Convener – Finance & Resources Policy Board
Renfrewshire Council

Date:

Notes to the Financial Statements

1. ACCOUNTING POLICIES

INTRODUCTION

The Financial Statements for the year ended 31 March 2016 been prepared in accordance with Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their account in accordance with the Financial Reporting Standard for Smaller Entities published on 16th July 2014, the Financial Reporting Standard for Smaller Entities (FRSSE), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are designed to give a true and fair view of the financial performance and position of the Trust Funds and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

The accounting concepts of "materiality" and "going concern" have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accounts have been prepared on a going concern basis. The going concern concept assumes that the Trustees will not significantly curtail the scale of the charities' operations, however it is anticipated that the Citizens Funds will not continue indefinitely as their balances reduce. This has no impact on the financial statements as the assets of these Funds comprise entirely cash balances which are not subject to a valuation estimation.

The accounting concept of "accruals" is not relevant to these statements, which have been prepared on a receipts and payments basis.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of assets. The following accounting policies used in its preparation have been reviewed following the introduction of Financial Reporting Standard 18 "Accounting Policies" (FRS18).

Fund Accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity.

Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanations of the nature and purpose of each fund is included in the notes to the financial statements.

The 2014-15 comparative figures have been brought forward unchanged.

INCOMING/OUTGOING RESOURCES

Recognition of incoming resources

All income is recognised and included in the Statement of Receipts and Payments (SoRP) when the money is actually received.

Recognition of expenditure

Expenditure is recognised and included in the Statement of Receipts and Payments (SoRP) when it is paid for.

Charitable Activities

Decisions regarding the way the Trust Funds' income is spent are taken by the Finance & Resources Policy Board, whose membership comprises 16 of the trustees of the Trust Funds.

Costs of Generating Funds

The cost of administering the Trust Funds is borne entirely by Renfrewshire Council.

Governance Costs

Governance costs, where applicable, include the:

- costs of the preparation and examination of statutory accounts;
- cost of any legal advice to trustees on governance or constitutional matters; and
- cost of administering grants.

Grants Payable Without Performance Conditions

These are recognised in the accounts when the grant has been paid.

ASSETS

The Citizens Funds hold no assets other than cash which is held on deposit with Renfrewshire Council (see Note 4).

The Observatory Fund includes the land and buildings of Coats Observatory, Paisley. The valuation is based on fair value, determined as the market value that would be paid for the asset in its current use. Valuations are provided by the Council Valuer who is MRICS qualified, and are updated as a minimum every five years. The Observatory building is being depreciated on a straight-line basis over 30 years.

2. ANALYSIS OF RECEIPTS/PAYMENTS

The income received in the year was from Renfrewshire Council and relates to interest on Trust Fund balances invested with Renfrewshire Council, who manage the administration of the Funds on behalf of the Trustees.

Details of payments are provided in the Trustees' Annual Report explaining the grants paid out.

3. TRUSTEES' REMUNERATION AND EXPENSES

Neither the trustees of the Trust Funds nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the trustees during the period (2014-15 nil).

4. RELATED PARTIES

During the period, the Trust Fund balances were invested by Renfrewshire Council, who manage the administration of the Funds on behalf of the Trustees. No costs were incurred by the Trust Funds for this administration. The Council also acts as the banker for the Trust Funds and all transactions, incoming and outgoing, are made via the Council's accounts. This creates a debtor as detailed in the respective Funds' statement of balances, labelled as "balances held with Renfrewshire Council". There are no other outstanding balances due to or from Renfrewshire Council.

5. MOVEMENT IN FUNDS

	At 01/04/2015 £	Net movement in funds £	Transfers between funds £	At 31/03/2016 £
Unrestricted funds	61,695.85	(31,038.38)	0.00	30,657.47
Endowment funds	0.00	0.00	0.00	0.00
Restricted funds :				
Coats Observatory	0.00	0.00	0.00	0.00
	<u>61,695.85</u>	<u>(31,038.38)</u>	<u>0.00</u>	<u>30,657.47</u>

The restricted funds hold the Coats Observatory building and land asset. The current market value of the Coats Observatory at 31/03/2016 is £673,090.86.